



**TRADE POLICY DEVELOPMENTS PAPER NO. 59**

**TRADE POLICY MONITORING REPORT**

**OF**

**CHINA**

**(October 2013 - December 2013)**

**VOLUME XI**

*This report has been prepared under a consultancy project awarded by the Centre for WTO Studies, Indian Institute of Foreign Trade (IIFT), New Delhi.*

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## ABBREVIATIONS

1) \$	US Dollar
2) ABC	Agricultural Bank of China
3) AD	Anti-Dumping
4) C-4	WTO Members (4): Benin, Burkina Faso, Chad, Mali (West African coalition seeking cuts in cotton subsidies and tariffs issues : Agriculture)
5) CPC	Communist Part of China
6) CPLA	Chinese People's Liberation Army
7) DTA	Double Tax Avoidance
8) ECB	European Central Bank
9) EU	European Union
10) GAC	General Administration of Customs
11) ICSC	International Council of Shopping Centers
12) ITA	Information Technology Agreement
13) JCCT	Joint Commission on Commerce and Trade
14) MOFCOM	Ministry of Commerce
15) MOU	Memorandum of Understanding
16) NBS	National Bureau of Statistics
17) PBC	People's Bank of China
18) PRC	People's Republic of China
19) RMB	Renminbi (Chinese currency)
20) SIPO	State Intellectual Property Office
21) SPS	Sanitary and Phytosanitary
22) TBT	Technical Barriers to Trade
23) WTO	World Trade Organization

## EXECUTIVE SUMMARY

### ⇒ *Economy*

- China became the trading power of the world in 2013, according to the preliminary statistics by the Secretariat of the WTO.
- The total volume of China's trade in goods amounted to \$4.16 trillion in 2013 including the export volume of \$2.21 trillion and import volume of \$1.95 trillion.
- According to the preliminary accounting by the National Bureau of Statistics of China, the Gross Domestic Product (GDP) of China was RMB 56,884.5 billion in 2013, a year-on-year (y-o-y) of 7.7% at comparable prices. The y-o-y growth from October-December 2013 was 7.7%.
- By the end of 2013, China's foreign exchange reserves stood at \$3.82 trillion and the RMB exchange rate was RMB 6.0969 per \$.
- In 2013, RMB settlement in cross-border trade in goods, cross-border trade in services and other current accounts, outbound FDI and inbound FDI amounted to RMB 3.02 trillion, 1.61 trillion, 85.6 billion and 448.1 billion respectively.
- China announced its plans to abolish the *hukou* system which is a form of 'internal passport' that restricts the movement of Chinese nationals within the country on 17 December 2013.

### ⇒ *Trade Policy Developments*

- A preparatory meeting for negotiation on FTA among China, Japan and the Korea was held in Seoul, South Korea on 22-23 October 2013. Delegations of the three countries discussed preparations for the third round of negotiations on the FTA which was held in Tokyo, Japan from 26-29 November 2013.
- In the 19<sup>th</sup> China-Korea Economic Cooperation Committee on 20 November 2013, parties discussed economic situation in their respective countries as well as the world economy situation and exchanged opinions on economic issues of common interest.
- On 15 November 2013, the CEO Round Table Conference on Sustainable Development of China-Netherlands Bilateral Trade and Investment took place.
- On 24 October 2013, China and the EU agreed to achieving progress in bilateral relations by avoiding protectionism and promoting an open market while strengthening bilateral cooperation. Both the sides agreed to make prudent use of trade remedy measures and turning to consultations and dialogue when in dispute.
- MOFCOM and Russian Ministry of Economic Development sponsored the 8<sup>th</sup> China-Russia Economic Forum in Beijing on 22 October 2013.
- In order to celebrate the anniversary of China-ASEAN Strategic Partnership, MOFCOM invited ASEAN ministerial delegations to visit China from 22-26 October 2013 and attend a trade and investment promotion activities in Chengdu, Shanghai and Beijing.
- The 24<sup>th</sup> China-US JCCT was held from 19-20 December 2013 in Beijing. It was the 30<sup>th</sup> anniversary of the JCCT. Both the parties exchanged ideas on more than 40 issues on trade and investment.
- The 10<sup>th</sup> Round of China-US Investment Treaty Negotiations was held in Washington DC on 21-25 October 2013.

- On 22 October 2013, the Investment Promotion Bureau of the MOFCOM signed Framework Agreement of Industrial Cooperation with the ICSC thereby reaching consensus on industrial investment promotion and information resources sharing.
- The US-China Enterprises Clean Energy Investment Dialogue co-hosted by Investment Promotion Agency of Ministry of Commerce and US-China Energy Cooperation Program was held in Beijing on 19 December 2013.
- On 27 December 2013, MOFCOM via an announcement no. 88 of 2013 and in accordance with the China's regulations on Anti-dumping and Countervailing Measures as well as the Interim Rules for Implementing the WTO rulings on Trade Remedy Disputes issued by the MOFCOM; the MOFCOM decided to reinvestigate the case in accordance with the rulings and suggestions in the relevant reports of WTO upon the date of issuance.
- On 30 October 2013, China requested consultations with the EU under the WTO Dispute Settlement Mechanism concerning EU final anti-dumping measures against imports of some fasteners from China.
- The central government drafted new standards for paying copyright holders when their works are collected into textbooks. Such decision is to take effect from December 2013 whereby the publishers are required to pay a writer RMB 300 for every 1,000 Chinese character, RMB 300 to use a piece of music and RMB 200 for a picture- RMB 400 if its appears on the cover.
- The General Administration of Customs of the People's Republic of China (GAC) issued two new regulations on custom valuation effective from 1 February 2014 on *Determination of Dutiable Value of Imports and Exports* and *the Determination of Dutiable Value of Domestic Sales of Bonded Goods*.

# TRADE POLICY MONITORING REPORT OF CHINA FOR THE QUARTERLY PERIOD: OCTOBER 2013- DECEMBER 2013

## I. INTRODUCTION

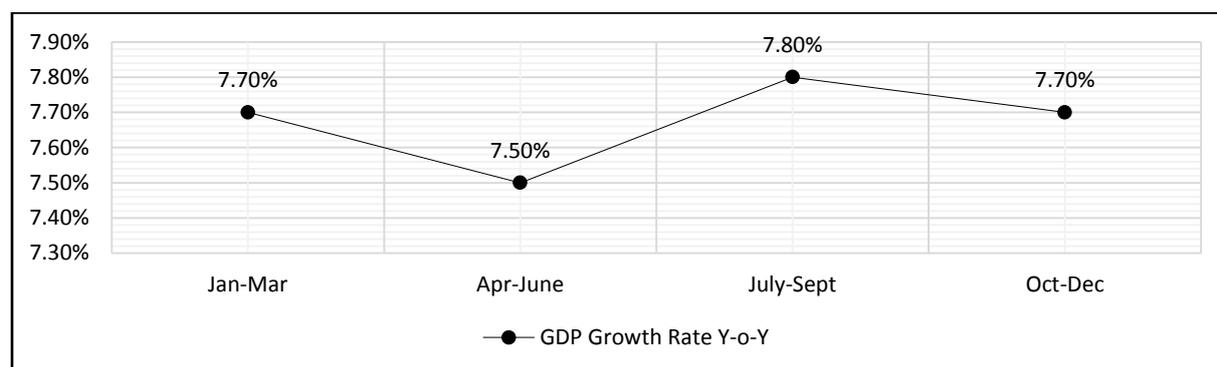
This is the eleventh Quarterly Trade Policy Report prepared by the Center for International Trade and Economic Laws (CITEL), Jindal Global Law School. This report will monitor and discuss the trade and macroeconomic policy developments that took place in the People's Republic of China during the period of October-December 2013.

## II. ECONOMIC & TRADE ENVIRONMENT

### II.A Recent Economic Developments

Due to complicated and severe external and internal conditions, the Central Party Committee of China and the State Council led China to implement certain reforms to maintain stability and opening of markets while making innovation on the macro-control in a scientific way.<sup>1</sup>This led to good momentum of stable and moderate growth in the overall national economic performance.

According to the preliminary accounting by the National Bureau of Statistics of China, the Gross Domestic Product (GDP) of China was RMB 56,884.5 billion in 2013, a year-on-year (y-o-y) of 7.7% at comparable prices. The y-o-y growth from January-March 2013: 7.7%, April-June 2013: 7.5%, July-September 2013: 7.8% and October-December 2013: 7.7%.



Source: National Bureau of Statistics of China

The value added of the primary industry was RMB 5,695.7 billion, an increase of 4.0%; the secondary industry RMB 24,968.4 billion, an increase of 7.8%; and the tertiary industry RMB 26,220.4 billion, an increase of 8.3% on a quarterly basis. The energy consumption per thousand RMB worth of GDP decreased by 3.7% in 2013.

### II.A.1 Agricultural Production

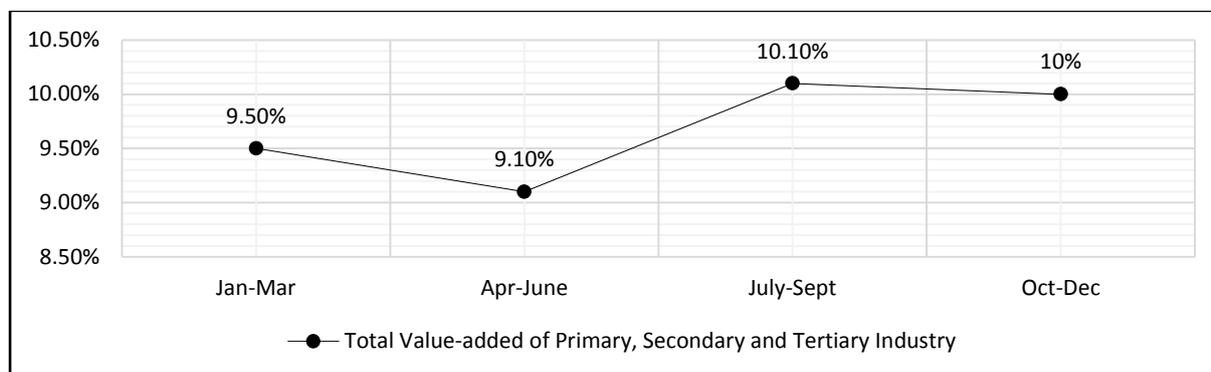
Total grain output in 2013 was 601.94 million tons, an increase of 12.36 million tons with an increase of 2.1%. The total output of summer grain was 131.89 million tons, an increase of 1.5% y-o-y; early rice was 34.07 million tons, an increase of 2.4%; autumn grain was 435.97 million tons, an increase of 2.8%; and sugar crops 137.59 million tons, an increase of 2.0%. The total output of pork, beef, mutton and poultry in 2013 reached 83.73 million tons, a growth of 1.8%. The output of pork was 54.93 million tons, an increase of 2.8%. The number of pigs in stock was 474.11 million, a decrease of 0.4%, while the number

<sup>1</sup> National Bureau of Statistics of China, *China's Economy Showed Good Momentum of Steady Growth in the Year of 2013*, (20 Jan. 2014) [http://www.stats.gov.cn/english/PressRelease/201401/t20140120\\_502079.html](http://www.stats.gov.cn/english/PressRelease/201401/t20140120_502079.html) (last visited Mar. 27, 2014).

of slaughtered pigs was 715.57 million, an increase of 2.5%. The output of poultry eggs in 2013 was 28.76 million tons, with an increase of 0.5%, and cow milk was 35.31 million tons, with a decrease of 5.7%.

### II.A.2 Industrial Production

The total value-added of the primary, secondary and tertiary industrial enterprises in 2013 increased by 9.7% at comparable prices. The y-o-y growth from Jan-Mar. 2013: 9.5%, Apr.-May 2013: 9.1%, June-Aug. 2013: 10.1% and Oct.-Dec. 2013: 10.0%.



Source: National Bureau of Statistics of China

An analysis by types of ownership showed that the value added growth of the state-owned and state holding enterprises went up by 6.9%; collective enterprises by 4.3%; share-holding enterprises by 11%; and enterprises funded by foreign investors or investors from Hong Kong, Macao and Taiwan province by 8.3%. The growth for mining industry increased by 6.4% y-o-y; manufacturing industry by 10.5% and the production and supply of electricity, gas and water by 6.8%. The growth rates in eastern, central and western regions increased by 8.9%, 10.7% and 11% respectively. Out of 464 kinds of industrial products, 340 kinds realized a y-o-y increase with electricity by 7.6%, crude steel by 7.5%, rolled steel by 11.4%, cement by 9.6%, plain glass by 11.2%, ten kinds of nonferrous metals by 9.9%, coke by 8.1%, sulphuric acid (converted to 100%) by 5.8%, caustic soda (converted to 100%) up by 6.6%, chemical fiber by 8.1%, ethylene by 8.5%, micro-computer equipment by 7.8%, integrated circuits by 10.4% and motor vehicles by 18.4%.

Specifically, the output of cars increased by 16.6%. The sales ratio of industrial enterprises above designated size in 2013 was 97.8%. The export delivery value reached RMB 11,341.1 billion, an increase of 5%. In December 2013, the total value added of the industrial enterprises above designated size increased by 9.7% y-o-y, or 0.71% month-on-month. In the first eleven months of 2013, the profits made by industrial enterprises above designated size stood at RMB 5,333.8 billion with an increase of 13.2% y-o-y. Especially, the profits from principle activities was 5370.1 billion, an increase of 4.4%.

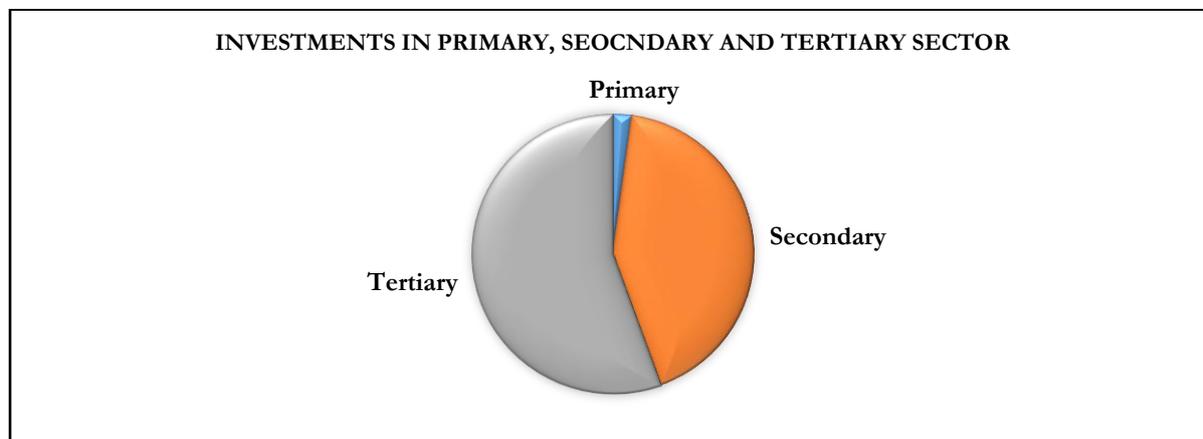
Among the 41 industrial divisions, 27 divisions registered y-o-y increase in profits from principle activities, 12 divisions witnessed reduction, 2 divisions turned into profits from losses. In the first eleven months of 2013, the costs for per hundred-RMB turnover of principle activities of the industrial enterprises above designated size reached RMB 85.64. The profit rate of industrial enterprises above the designated size from their principle activities was 5.77%.

### II.A.3 Investments in Fixed Assets

In 2013, the investment in fixed assets (excluding rural households) was RMB 43,652.8 billion, a growth of 19.6% (a real growth of 19.2% after deducting price factors). Specifically, the investment in State-owned and state-holding enterprises reached RMB 14,405 billion with an increase of 16.3%; private investment reached RMB 27,479.4 billion, an increase of 23.1%; accounting for 63% of the total

investment. In terms of areas, the growth in eastern, central and western regions was 17.9%, 22.8% and 23% respectively.

The investments in the primary industry was RMB 924.1 billion, with an increase of 32.5%; secondary sector was RMB 18,186.4 billion with an increase of 17.4% and tertiary sector RMB 24,248.2 billion with an increase of 21%.



**Source:** *National Bureau of Statistics of China*

Specifically, the investments in mining was RMB 1,475 billion, an increase of 10.9%; manufacturing RMB 14,737, an increase of 18.5% and the production and supply of electricity, gas and water RMB 1,974 billion with an increase of 18.4%. The investment in infrastructural facilities (excluding the production and supply of electricity, gas and water) was RMB 7,165 billion, with an increase by 21.2%.

The funds available for investment in 2013 were RMB 48,038.1 billion, with an increase of 20.1%. Specifically, the state budget increased by 17%, domestic loans increased by 14.4%, self-raising funds increased by 20.8% and foreign investments decreased by 3.7%. The total investment in newly-started projects in 2013 was RMB 35,781.5 billion with an increase of 14.2%. The number of projects started in 2013 was 389,256 or 66,194 more than in 2012. In December, the investments in fixed assets grew by 1.41% month-on-month.

The total investment in real estate development in 2013 was RMB 8,601.3 billion with a nominal growth of 19.8% (a real growth of 19.4% after deducing the price factors). In particular, the investment in residential buildings increased by 19.4%. The funds available for real estate development enterprises in 2013 reached RMB 12,212.2 billion with an increase of 26.5%. Specifically, the growth of domestic loans increased by 33.1%, self-raising funds increased by 21.3% and foreign investment increased by 32.8%.

#### **II.A.4 Sales on Domestic Markets**

In 2013, the total retail sales of consumer goods reached RMB 23,438 billion, a nominal annual rise of 13.1% (a real growth of 11.5% after deducting price factors). Specifically, the retail sales of the enterprises above the designated size stood at RMB 11,888.5 billion, an increase of 11.6% after deducting price factors). Analysed by different areas, the retail sales in urban areas reached RMB 20,246.2 billion, an increase of 12.9%, and the retail sales in rural areas stood at RMB 3,191.8 billion, an increase of 14.6%. In accordance with the consumption patterns, the income of catering industry was RMB 2,539.2 billion, an increase of 9%; and the retail sales of goods were RMB 20,898.8 billion with an increase of 13.6%. In particular, the retail sales of enterprises above designated size reached RMB 11,070 billion with an annual growth of 12.7%. Specifically, sales of motor vehicles increased by 10.4%; furniture grew by 21%; and household appliances and audio-video equipment increased by 14.5%. In December 2013, the total retail

sales of consumer goods increased by 13.6% y-o-y (a real growth of 12.2% after deducting price factors), or 1.24% growth month-on-month.

### II.A.5 Growth rates of Imports and Exports

The total value of imports and exports in 2013 was \$4,160 billion, which was an annual increase by 7.6%. The total value of exports in 2013 was \$2,210 billion with an increase of 7.9%; the total value of imports was \$1,950.3 billion with y-o-y increase of 7.3%. The trade balance was \$259.75 billion. In terms of total value of imports and exports, the general trade was \$2,197.3 billion with an increase of 9.3%; processing trade was \$1,357.8 billion with an increase of 1%. Among the value of exports, the general trade was \$1,087.6 billion, with an increase of 10.1%; processing trade was \$860.8 billion with a decrease of 0.2%. Among the value of imports, the general trade was \$1,109.7 billion with an increase of 8.5% and processing trade was \$497 billion with an increase of 3.3%. In December 2013, the total value of imports and exports was \$389.8 billion with an increase of 6.2% y-o-y. The total value of exports was \$207 billion, with an increase of 4.3%; and of imports was \$182.1 billion with an increase of 8.3%.

In October 2013, China's import and export totalled \$339.7 billion with a y-o-y growth of 6.5%. China's export was \$185.41 billion with an increase of 5.6% and its import was \$154.3 billion with an increase of 7.6%, with a trade surplus of \$31.11 billion.<sup>2</sup>

In November 2013, China's import and export totalled \$370.61 billion with a y-o-y growth of 9.3%. China's export was \$202.20 billion with an increase of 12.7% and its import was \$168.40 billion with an increase of 5.3% with trade surplus of \$33.80 billion.<sup>3</sup>

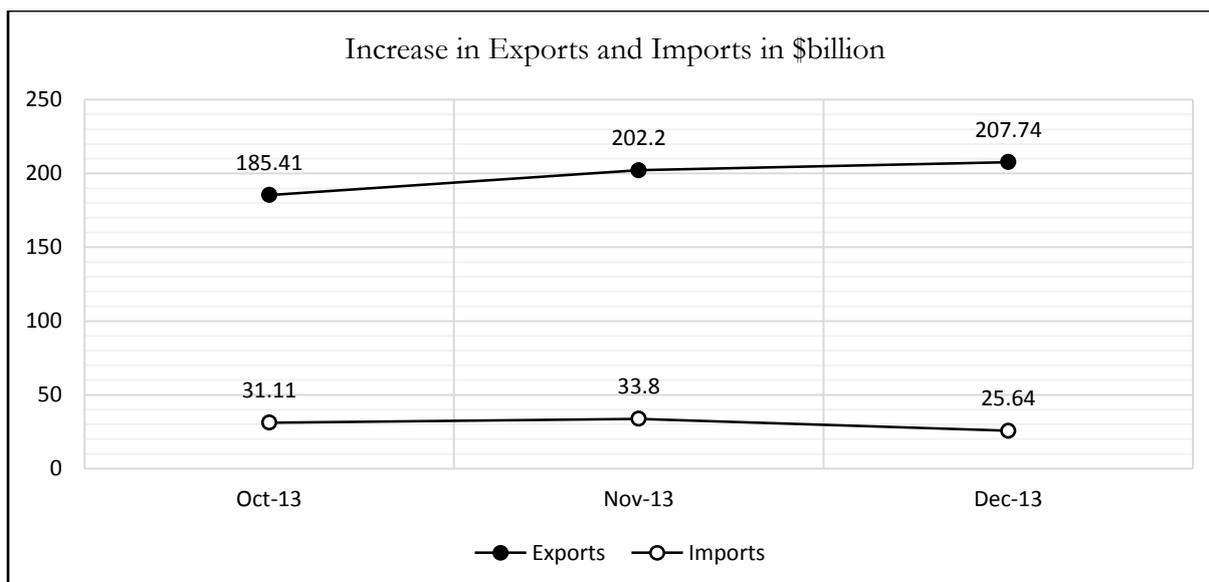
In December 2013, China's import and export of \$389.84 billion with a y-o-y growth of 6.2%. China's export was \$207.74 billion with an increase of 4.3% and its import was \$182.10 billion with an increase of 8.3%, with a trade surplus of \$25.64 billion.<sup>4</sup>

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<sup>2</sup> Ministry of Commerce [MOFCOM], *Brief Statistics on China's Import & Export in October 2013* (15 Nov. 2013) <http://english.mofcom.gov.cn/article/statistic/BriefStatistics/201311/20131100394504.shtml> (last visited Mar. 27, 2014).

<sup>3</sup> MOFCOM, *Brief Statistics on China's Import & Export in November 2013* (18 Dec. 2013) <http://english.mofcom.gov.cn/article/statistic/BriefStatistics/201401/20140100454226.shtml> (last visited Mar. 27, 2014).

<sup>4</sup> MOFCOM, *Brief Statistics on China's Import & Export in December 2013* ((14 Jan. 2014) <http://english.mofcom.gov.cn/article/statistic/BriefStatistics/201401/20140100466521.shtml> (last visited Mar. 27, 2014).

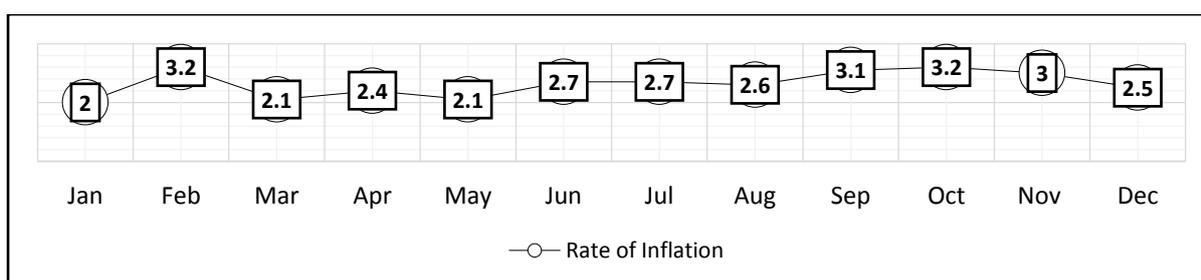


Source: Ministry of Commerce of China

### II.A.6 Growth of Consumer Prices

In 2013, the consumer prices increased by 2.6% y-o-y. Specifically, the price increased by 2.6% in urban areas and 2.8% in rural areas. According to the type of commodity categories, prices for food rose by 4.7%; tobacco, liquor and articles increased by 0.3%; clothing increased by 2.3%; household facilities, articles and maintenance services increased by 1.5%; health care and personal articles increased by 1.3%; transportation and communication decreased by 0.4%; recreation, education, culture articles and services increased by 1.8% and housing increased by 2.8%. In terms of food prices, grain increased by 4.6%, oil or fat increased by 0.3%, pork by 0.3%, fresh vegetables increased by 8.1%. In December 2013, the consumer prices increased by 2.5% y-o-y, or 0.3% month-on-month. In 2013, the producer prices for industrial products decreased by 1.9%, while the price dropped by 1.4% in December y-o-y, maintaining the same level on a month-on-month basis. The purchasing price for industrial producers decreased by 2% y-o-y. In December, the price decreased by 1.4% y-o-y, maintaining the same level on a month-on-month basis.

Table: China's Inflation Rate in 2013 (Producer Price)



Source: People's Bank of China

### II.A.7 Resident's income

In 2013, the per capital income of urban households was RMB 29,547. Specifically, the per capita income of urban households was RMB 26,955, the nominal growth was 9.7%, or a real growth of 7% after deducting price factors. Out of the per capita total income of urban households, the nominal y-o-y growth of wage income was 9.2%; net income from business operation 9.8%; property income 14.6% and transferred income 10.1%. The median of per capita disposable income of urban households was RMB 24,200 with an increase of 10.1%.

## II.A.8 Money Supply

In the end of December 2013, the balance of broad money (M2) was RMB 110.65 trillion, a y-o-y growth of 13.6%; the balance of narrow money (M1) was RMB 33.73 trillion with an increase of 9.3%; and the balance of cash in circulation (M0) was RMB 5.86 trillion with an increase of 7.1%. By the end of December 2013, the amount of outstanding loans was RMB 71.9 trillion, while the amount of outstanding deposits was RMB 104.38 trillion. In the year 2013, the newly increased loans reached RMB 8.89 trillion with an increase of RMB 687.9 trillion; the newly increased deposits were RMB 12.56 trillion, or RMB 1.74 trillion more than that in the year of 2012.

## II.A.9 Population and Employment

By the end of 2013, the total population of mainland China was 1,360.72 million (including population of 31 provinces, municipalities and autonomous regions and service men in CPLA; but not including residents in Hong Kong SAR, Macao SAR, Taiwan Province and overseas Chinese), an increase of 6.68 million over that at the end of 2012. The number of births was 16.40 million and the birth rate was 12.08 in a thousand; the deaths were 9.72 million with a death rate of 7.16 in a thousand; the natural growth rate was 4.92 in a thousand. In terms of gender, male population was 697.28 million and female population was 663.44 million; the sex ratio of total population was 105.10 (the female is 100, male to female); the sex ratio at birth was 117.60. Population at the working age of 16-59 was 919.54 million with a decrease of 2.44 million, which was 14.9% of the total population; population aged 65 and over was 131.61 million, accounting for 9.7% of the total population.

In terms of urban-rural structure, urban population was 731.11 million with an increase of 19.29 million over the previous year and the rural population was 629.61 million with a decrease of 12.61 million. The proportion of urban to total population was 53.73%. The population who reside in street communities with permanent household registration elsewhere and having been stayed away from that place for more than 6 months reached 289 million, which was 9.59 million more than that in the previous year. Specifically, the migrant population was 245 million, or 8.12 million more. By the end of 2013, the total number of employed persons was 767.77 million, or 2.73 million more than that at the end of 2012; the number of urban employed persons was 382.40 million, or 11.38 million more.

China announced its plans to abolish the *hukou* system which is a form of ‘internal passport’ that restricts the movement of Chinese nationals within the country on 17 December 2013.<sup>5</sup> This decision will increase urbanization and provide migrant workers with a full range of social services in cities away from their hometown. It will further allow for more integration of migrant worker population. The system will also be gradually phased out in medium-sized cities. Some restrictions will remain in place for the larger metropolises such as Beijing and Shanghai in order to prevent large numbers of workers to over-crowd the cities’ social infrastructure.

## II.A.10 Future prospects

The NBS stated that the economy showed good momentum of stable and moderate growth in 2013, which is hard-earned achievement. However, there are some deep-rooted problems which are built up over time which are yet to be resolved. Such is necessary for China’s economy to develop and transform. It stated that China should implement the spirit of the 3<sup>rd</sup> Plenum of the 18<sup>th</sup> Central Committee of CPC and the Central Economic Work Conference. China should maintain the stability, be innovative and deepen the reform in all sectors of the social and economic development.

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<sup>5</sup> China Briefing, *China to abolish Hukou System* (17 December 2013) <http://www.china-briefing.com/news/2013/12/17/china-to-abolish-hukou-system.html#sthash.TOdA1J7D.dpuf>(last visited Mar. 27, 2014).

**China Monetary Policy Report**  
**Quarter Four, 2013**  
(Highlights)

- In accordance with the overall arrangements of the State Council, the PBC followed the principle of making progress while maintaining stability, continued its sound monetary policy and made innovations in the conduct of macro-economic management.
- The PBC remained sober-minded, maintained a focus on policy measures, neither loosening nor tightening the money supply and when necessary conducted fine-tunings and pre-emptive adjustments with appropriate strength.
- The PBC implemented the State Council's decisions on stepping up financial-sector support to adjust and upgrade the economic structure, adjusted parameters of the dynamic adjustment mechanism of the differentiated required reserve ratio, strengthened coordination of credit policy and industrial policy, increased central bank lending and discounts for the agricultural sector and guided financial institutions to beef up support to key sectors and weak links in the economy, such as the agricultural sector, rural areas and farmers, small and micro enterprises and so forth.
- The market-based interest rates made new progress, with the lifting of controls on lending interest rates offered by financial institutions, the creation and improvement of a self-regulatory mechanism for market interest rate pricing by financial institutions, the launch of centralized quotations and release mechanisms for loan prime rates and interbank certificates for deposit.
- The RMB exchange-rate regime was improved, continuing a self-initiated, controllable and progressive approach to reform. The use of RMB was expanded in cross-border trade and investment activities, and financial market innovations and regulations were further enhanced.
- In 2013, based on the local currency swap agreements signed with the PBC, overseas monetary authorities conducted a total of RMB 1.03 trillion of currency swap transactions. Such played an active role in promoting trade and investment.
- Cross-border trade settled in RMB reached RMB 4.63 trillion with an increase of 57% y-o-y.
- In 2013, the PBC signed bilateral local currency swap agreements with 5 overseas monetary authorities, including the ECB, the Bank of England, with an aggregate amount of RMB 752 billion. Furthermore, the PBC renewed bilateral local currency swap arrangements with three overseas monetary authorities, including the monetary authority of Singapore, with an aggregate amount of RMB 403.5 billion. The establishment of bilateral local currency swap lines will help preserve financial stability and facilitate trade investment between China and other countries and regions.
- The pilot scheme of the Rural Financial Business Division of the Agricultural Bank of China (ABC) was advanced.
- The PBC will follow the overall arrangements of the State Council and implement the decisions adopted at the 18<sup>th</sup> CPC National Congress and the 3<sup>rd</sup> Plenary Session of the 18<sup>th</sup> CPC Central Committee, following the principle of making progress while maintaining stability and continuing reform and innovation.
- A combination of quantitative and price instruments will be used and the macro-prudential policy framework will be improved to keep liquidity at a reasonable volume and to realize opportune growth of money, credit and all-system financing aggregates.
- The stock of credit asset will be properly managed and the use of new loans will be optimised to improve financing and credit structures. The use of monetary policy measures will be combined with deeper reforms with a focus on higher efficiency in terms of resource allocations and increasing consumer dominance.
- Measures will be taken to prevent systemic financial risks and to support the sustained and sound development of the economy.

**Source:** *China Monetary Policy Report Quarter Four, 2013 (February 8, 2014)*

### **II.A.11 RMB Deposits and Foreign Currency Deposits**

By 2013, the outstanding amount of RMB 107.06 trillion, with an increase of 13.5% y-o-y. RMB deposits registered an outstanding amount of 104.38 trillion with an increase of 13.8% y-o-y. RMB deposits increased by RMB 1.74 trillion y-o-y.<sup>6</sup> Specifically, household deposits, deposits of non-financial enterprises and fiscal deposits increased by RMB 5.49 trillion and RMB 576.8 billion respectively. In December, RMB deposits increased by RMB 1.15 trillion, a decrease of RMB 445.8 billion y-o-y. By the end of 2013, the outstanding amount of foreign currency deposits was \$438.6 billion, with an increase of 7.9% y-o-y. Foreign currency deposits recorded a full-year rise of \$28.4 billion.

### **II.A.12 Interest rates**

The monthly weighted average interbank lending rate for December stood at 4.16% and the monthly weighted average interest rate on bond pledged repo was 4.28%. Lending, spot trading and bond repo transactions in the interbank RMB market totalled RMB 235.29 trillion for 2013. The average daily turnover was RMB 941.2 billion with a decrease of 11.1% y-o-y. The monthly weighted-average interbank RMB lending rate for December was 4.16% with an increase of 0.04% points from the previous month and 1.55% points from the same period a year earlier. The monthly weighted average interest rate on bond pledged repo registered 4.28%, increasing by 0.16% and 0.66% points from the previous month and the same period earlier respectively.

### **II.A. 13 Foreign Exchange Reserve and the currency exchange rate**

By the end of 2013, China's foreign exchange reserves stood at \$3.82 trillion and the RMB exchange rate was RMB 6.0969 per \$.

### **II.A.14 FDI**

In 2013, RMB settlement in cross-border trade in goods, cross-border trade in services and other current accounts, outbound FDI and inbound FDI amounted to RMB 3.02 trillion, 1.61 trillion, 85.6 billion and 448.1 billion respectively.

Foreign investment in October 2013, Newly Approved Foreign-invested Enterprises amounted to 1833, a decrease by 8.17% y-o-y, and the actual use of foreign investment reached \$8.41 billion with an increase of 1.24% y-o-y.<sup>7</sup>

Foreign investment in November 2013, Newly Approved Foreign-invested Enterprises amounted to 2250, with a decrease of 9.35% y-o-y, and the actual use of foreign investment reached \$8.4 billion with an increase of 2.35% y-o-y.<sup>8</sup>

Foreign investment in December 2013, Newly Approved Foreign-invested Enterprises amounted to 2339, with a decrease of 3.43% y-o-y, and the actual use of foreign investment reached \$12.08 billion

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<sup>6</sup> The People's Bank of China, *Financial Statistics, 2013* (16 Jan. 2014) [http://www.pbc.gov.cn/publish/english/955/2014/20140116163127964237407/20140116163127964237407\\_.html](http://www.pbc.gov.cn/publish/english/955/2014/20140116163127964237407/20140116163127964237407_.html) (last visited Mar. 27, 2014).

<sup>7</sup> MOFCOM, *Statistics of FDI in China in January-October 2013* (26 Nov. 2013) <http://english.mofcom.gov.cn/article/statistic/foreigninvestment/201401/20140100466105.shtml> (last visited Mar. 27, 2014).

<sup>8</sup> MOFCOM, *Statistics of FDI in China in January-November 2013* (27 Dec 2013) <http://english.mofcom.gov.cn/article/statistic/foreigninvestment/201401/20140100466139.shtml> (last visited Mar. 27, 2014).

with an increase of 3.3% y-o-y.<sup>9</sup> From January-December 2013, the top ten nations and regions with investment in China (as per the actual input of foreign capital) are as follows: Hong Kong (\$78,320b), Singapore (\$7.327 billion), Japan (\$7.706 billion), Taiwan Province (\$ 5.246 billion), USA (\$3.353 billion), Republic of Korea (\$3.059 billion), Holland (\$1.281 billion), UK (\$1.039 billion) and France (\$762 million), total of which accounted for 93.15% of total actual use of foreign investment in the country.

#### **II.A.15 Currency Swap Agreements**

On 9 October 2013, a bilateral currency swap agreement (BCSA) was signed between the PBC and the ECB. The agreement is valid for three years and could be extended based on further consensus. The swap lines signifies a maximum size of RMB 350 billion or Euros 45 billion (about \$57 billion), which will be used in supporting trade and other exchanges between China and the EU.<sup>10</sup>

### **III. TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES**

#### **III.A Legal Framework**

##### **III.A.1 Amendment to Consumer Protection Laws**

China's National People's Congress passed the *Decision on Revising the Consumer Protection Law (Order No. 7 of the President, hereinafter referred to as the Decision)* on 25 October 2013, which is the first revision to the country's Consumer Protection Law since its adoption in 1993.<sup>11</sup> The Decision is scheduled to take effect on 15 March 2014 and has improved the current Consumer Protection Law in the following areas:

- Regulating the e-commerce industry
- Strengthening the joint liabilities of false advertisements publishers and e-trade platforms
- Placing the burden of proof on service providers in the event of a dispute
- Imposing higher compensation
- Banning unauthorized disclosures of consumers' personal information
- Clarifying the role of consumer associations and
- Establishing a credit file to record illegal acts.

##### **III.A.2 China to amend its Foreign Investment Laws**

China's Ministry of Commerce (MOFCOM) has considered revising the country's foreign investment laws and is currently soliciting comments for the following three laws:

- i. The Law of the People's Republic of China on Wholly Foreign-Owned Enterprises (promulgated on 12 April 1986, last amended on 31 October 2000);
- ii. The Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures (promulgated on 1 July 1979, last amended on 15 March 2001); and
- iii. The Law of the People's Republic of China on Sino-Foreign Cooperative Joint Ventures (promulgated on 13 April 1988, last amended on 31 October 2000)

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<sup>9</sup> MOFCOM, *Statistics of FDI in China in January-December 2013* (24 Jan. 2014) <http://english.mofcom.gov.cn/article/statistic/foreigninvestment/201402/20140200498911.shtml> (last visited Mar. 27, 2014).

<sup>10</sup> China Briefing, *China Signs 45 Billion Euro Currency Swap Deal with EU* (15 Oct. 2013) <http://www.china-briefing.com/news/2013/10/15/china-signs-45-billion-euro-currency-swap-deal-with-eu.html> (last visited on Mar. 27, 2014).

<sup>11</sup> China Briefing, *China Amends Consumer Protection Law after 20 Years* (8 November 2013) <http://www.china-briefing.com/news/2013/11/08/china-amends-consumer-protection-law-after-20-years.html> (last visited Mar. 27, 2014).

There has not been much communication on part of MOFCOM regarding the motivation behind such changes. An email address has been provided, however, for businesses to send their comments.<sup>12</sup>

### **III.B Trade Policy Formulation and implementation**

#### **III.B.1 18<sup>th</sup> Report of the National Congress of the CPC**

The Report states that China will better coordinate trade and industrial policies to make exports more competitive in terms of technology, branch, quality and service. China will actively promote brand cultivation for foreign trade because it is an important matter of ‘mode transformation and structure adjustment’, an important method of increasing international competitiveness and an important way of building good image of products that are ‘made in China’, playing significant role in transferring China from a major country in trading to one strong in trading. In recent years, MOFCOM in cooperation with the related departments of the State Council, has taken a series of promotion measures to encourage the Chinese enterprises to create, use and build their departments of the State Council, has taken a series of measures to encourage the Chinese enterprises to create, use and build their brands in the international market, as a result, construction of foreign trade brands has achieved positive progress.

MOFCOM shall strengthen the protection and service of foreign trade brand construction, improve the policy system of foreign trade brand construction and strengthen the support in foreign trade brand construction.<sup>13</sup>

### **III.C Trade Agreements and Arrangements**

#### **III.C.1 Japan, China and Korea FTA: 3<sup>rd</sup> round of negotiations**

A preparatory meeting for negotiation on FTA among China, Japan and the Korea was held in Seoul, South Korea on 22-23 October 2013. Delegations of the three countries discussed preparations for the third round of negotiations on the FTA which was held in Tokyo, Japan from 26-29 November 2013. The third round of negotiations that took place covered trade in goods, trade in services, investments, competition policies, and intellectual property. Further, the tensions between China and Japan over a territorial dispute relating to the *Senkaku* Islands on the East-China Sea that has threatened to disrupt negotiation proceedings of this FTA was overlooked by both countries. The next round of negotiations is likely to take place in Seoul, Korea in February 2014.<sup>14</sup>

#### **III.C.2 19<sup>th</sup> China-ROK Economic Cooperation Committee**

The 19<sup>th</sup> China-Korea Economic Cooperation Committee took place in Seoul on 20 November 2013. Both the parties discussed economic situation in their respective countries as well as the world economy situation and exchanged opinions on economic issues of common interest. Both the parties agreed to continue implementation of the consensus reached: widen cooperation areas, increase bilateral economic relations and new contributions to the stability and prosperity of North-east Asia. Both the countries

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<sup>12</sup> Dezan Shira & Associates, China Briefing, available at <http://www.china-briefing.com/news/2013/12/26/china-seeks-comments-on-revisions-to-foreign-investment-laws.html#sthash.AQqu5Tb6.dpuf> (last visited Mar. 27, 2014).

<sup>13</sup> MOFCOM, *Strengthen Brand Construction and Accelerate the Cultivation of New Advantages in Foreign Trade Competition* (27 December 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201312/20131200441427.shtml> (last visited Mar. 27, 2014).

<sup>14</sup> METI, *Preparatory Meeting for the Negotiations on Free Trade Agreement (FTA) among Japan, China and the ROK* (23 Oct. 2013) [http://www.meti.go.jp/english/press/2013/1023\\_01.html](http://www.meti.go.jp/english/press/2013/1023_01.html) (last visited Mar. 27 2014).

discussed co-operation in national development strategy coordination, regional cooperation and upgrade bilateral trade and investment cooperation. Korea is China's third largest trading partner.<sup>15</sup>

### **III.C.3 China-Netherland Bilateral Trade and Investment Conference**

On 15 November 2013, the CEO Round Table Conference on Sustainable Development of China-Netherlands Bilateral Trade and Investment took place. Around 30 large-scale enterprises from China and Netherland exchanged ideas on agriculture, energy and chemical industry; finance; high-tech and innovation; transportation and bilateral investment. About 100 representatives from government, trade promotion organizations and enterprises of China and Netherland attended the conference.<sup>16</sup>

### **III.C.4 Second session of the BRICS Digital Cooperation Forum**

The Second Session of BRICS Digital Cooperation Forum was held in China on 31 October 2013, which is an important part of the Fifth Session of International Service Trade Summit. Representatives from the BRICS countries exchanged ideas on international practice of South-South cooperation in digital services, digital innovation, digitalization and digital commerce, digital media industry and digital service cooperation among BRICS countries. The forum was aimed to explore model of cooperation among the BRICS countries in digital media industry and digital services, so as to promote exchanges and cooperation among the BRICS countries.<sup>17</sup>

### **III.C.5 China-EU High Level Economic Dialogue**

On 24 October 2013, China and the EU agreed to achieving progress in bilateral relations by avoiding protectionism and promoting an open market while strengthening bilateral cooperation. Both the sides agreed to make prudent use of trade remedy measures and turning to consultations and dialogue when in dispute. Such a commitment comes after both the parties solved the solar trade dispute involving \$20 billion of Chinese exports. Both the sides agreed to proceed on negotiations in investment cooperation as well as cooperation on customs, quality inspection, intellectual property rights protection and civil aviation and expand their cooperation into areas such as urbanization, innovation, energy saving and environmental protection. China and the EU made substantive progress in high-technology trade cooperation. China expressed hope that the EU will provide easier access to visas and work permits to Chinese citizens.<sup>18</sup>

### **III.C.6 8<sup>th</sup> China-Russia Economic Forum**

MOFCOM and Russian Ministry of Economic Development sponsored the 8<sup>th</sup> China-Russia Economic Forum in Beijing on 22 October 2013. The forum was co-sponsored by the Foreign Trade Development Bureau and China International Center for Economic and Technical Exchange of the Chinese Ministry of Commerce and a total of around 500 representatives from the governments and the business circle of the two countries attended the forum. Enterprises from both parties exchanged views on topics like

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<sup>15</sup> MOFCOM, *the 19<sup>th</sup> China-ROK Economic Cooperation Committee was held in ROK* (26 Nov. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201311/20131100403517.shtml> (last visited Mar. 27, 2014).

<sup>16</sup> MOFCOM, *Gao Hucheng, Minister of Commerce, was Present at CEO Round Table Conference on the Sustainable Development of China-Netherland Bilateral Trade and Investment* (20 Nov. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201311/20131100396691.shtml> (last visited Mar. 27, 2014).

<sup>17</sup> MOFCOM, *The Second Session of the BRICS Digital Cooperation Forum was Held in Chingqing* (4 Nov 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201311/20131100378623.shtml> (last visited Mar. 27, 2014).

<sup>18</sup> MOFCOM, *China-EU Agree on Free Trade, More Competition* (28 Oct. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201310/20131000367499.shtml> (last visited Mar. 27, 2014).

cooperation in economic modernization between China and Russia, development of the Far East region of Russia, agriculture and infrastructure.<sup>19</sup>

### **III.C.7 China-ASEAN Trade Ministers Meet**

In order to celebrate the anniversary of China-ASEAN Strategic Partnership, MOFCOM invited ASEAN ministerial delegations to visit China from 22-26 October 2013 and attend a trade and investment promotion activities in Chengdu, Shanghai and Beijing.<sup>20</sup> This is important trade and economic exchanges between China and ASEAN. MOFCOM stated that China would like to upgrade China-ASEAN FTA negotiations as soon as possible and improve bilateral investment and trade facilitation. Both the sides should strengthen pragmatic cooperation in infrastructure construction and bilateral investment so as to realize mutual development.

Brunei stated that the ASEAN delegation had a progressive meeting with the Chinese counterparts on finance, infrastructure construction and business, etc. It supports the consensus to deepen the bilateral cooperation in seven areas reached recently by ASEAN and China and extends full cooperation in the relation between China and ASEAN.

Thailand stated that all the ministers agree that the future goal of \$500 bilateral trade volume between ASEAN and China in 2015 and \$1 trillion in the year 2020 is a possibility. Lao, Burma and Cambodia also showed gratitude and cooperation with China. China is the largest trading partner of ASEAN and ASEAN is the third largest trading partner of China.

### **III.C.8 China-Romania, Serbia and Montenegro on expert advisory committee of Transportation and Network Construction**

In order to improve China's cooperation with Romania, Serbia and Montenegro on infrastructure construction of transportation network and further improve the business of China's enterprises in the three countries, a delegation of expert advisory committee of China-Central and East Europe Transportation Network Construction visited Romania, Serbia and Montenegro. Further, an invitation to the 5<sup>th</sup> Summit Forum of International Infrastructure Investment and Construction was given to the high-level representatives of the three countries.<sup>21</sup>

### **III.C.9 China-US 24<sup>th</sup> JCCT**

The 24<sup>th</sup> China-US JCCT was held from 19-20 December 2013 in Beijing. It was the 30<sup>th</sup> anniversary of the JCCT.<sup>22</sup> Both the parties exchanged ideas on more than 40 issues on trade and investment. Both the parties agreed to jointly promote the export of cooked poultry made in China and the import of beef from the US and reached consensus on issues such as business secret protection, genuine software protection, expansion of opening up of the trade in services and general manufacturing, opening up of e-

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<sup>19</sup> MOFCOM, *8<sup>th</sup> China-Russia Economic Forum Held in Beijing* (28 Oct. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201310/20131000373734.shtml> (last visited Mar. 27, 2014).

<sup>20</sup> MOFCOM, *China Commerce Minister Gao Hucheng Meets with ASEAN Trade and Economic Ministers* (29 Oct. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201310/20131000369084.shtml> (last visited Mar. 27, 2014).

<sup>21</sup> MOFCOM, *Chairman Diao Chunbe Leads the Delegation of Experts Advisory Committee of China-Central and East Europe Transportation Network Construction to Romania, Serbia and Montenegro* (27 Dec. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201401/20140100456118.shtml> (last visited Mar. 27, 2014).

<sup>22</sup> MOFCOM, *Vice Premier Wang Yang, U.S. Secretary of Commerce and Trade Representative Jointly Preside over the 24<sup>th</sup> China-US Joint Commission on Commerce and Trade (JCCT)* (26 Dec. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201312/20131200439800.shtml> (last visited Mar. 27, 2014).

commerce business, conclusion in the government procurement agreement, fair treatment of Chinese' enterprises' investment in the US and promotion of the exports of hi-tech products to China for civil uses thereof.

### **III.C.10 China-Australia talks on FTA and bilateral trade**

On 21 November 2013, China and Australia held talks on issues relating to bilateral economic and trade relations and China-Australia FTA in Beijing. Both the countries expressed a firm stance to progressively complete the negotiations on China-Australia FTA and that the talks led to constructive and positive inputs towards that goal.<sup>23</sup>

### **III.C.11 China-Brazil High Level Coordination and Cooperation Committee**

On 6 November 2013, third session of China-Brazil High Level Coordination and Cooperation Committee took place with both parties agreeing to further their comprehensive strategic partnership<sup>24</sup>. Both the parties exchanged views in advancing the partnership in politics, trade, finance, science and technology, education and culture and reached wide consensus. Brazil and China will celebrate 40<sup>th</sup> anniversary of diplomatic ties next year wherein Brazil hopes to expand dealings with China and to implement the ten-year cooperation plan signed in 2012 as well as learn from China's experiences with infrastructure development. In this meeting, both the parties signed cooperation documents on aerospace, agriculture and quality supervision.

## **III.D Foreign Investment Regime**

### **III.D.1 10<sup>th</sup> round of China-US Investment Treaty Negotiations**

The 10<sup>th</sup> Round of China-US Investment Treaty Negotiations was held in Washington DC on 21-25 October 2013. This was also the first round of negotiations since the two parties agreed at the 5<sup>th</sup> round of China-US strategic and Economic Dialogue in July 2013 to enter into substantive negotiations for the investment treaty.<sup>25</sup>

### **III.D.2 China-US Investment Promotion Forum**

On 15 November 2013, the China-US Investment Promotion Forum was held in Beijing under a theme 'Supporting Investment in US and Promoting Cooperation and Win-Win'. The forum included two themes under the main theme: "Introduction to Financial Environment and Laws and Regulations of US" and "Opportunities and Challenges to invest in the US". Participants included about 180 representatives from investment promotion institutions, enterprises, scientific research institutions and academic institutions of both countries. Topics for an exchange varied from China-US economic relation, the environment for industrial investment of US laws and regulations, risk control of overseas merger and acquisition and financial tax administration.<sup>26</sup>

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<sup>23</sup> MOFCOM, *Mr. Gao Hucheng, China Minister of Commerce, held talks with Mr. Andrew Robb, Australia Minister of Trade and Investment* (25 Nov. 2013)

<http://english.mofcom.gov.cn/article/newsrelease/significantnews/201311/20131100401663.shtml> (last visited Mar.27, 2014).

<sup>24</sup> MOFCOM, *China, Brazil Pledge to Further Partnership* (7 Nov. 2013)

<http://english.mofcom.gov.cn/article/newsrelease/significantnews/201311/20131100381031.shtml>(last visited Mar. 27, 2014).

<sup>25</sup> MOFCOM, *10<sup>th</sup> Round of China-US Investment Treaty Negotiations to be held in Washington DC* (22 Oct. 2013)

<http://english.mofcom.gov.cn/article/newsrelease/significantnews/201310/20131000361060.shtml> (last visited Mar. 27, 2014).

<sup>26</sup> MOFCOM, *Wang Chao Attended China-US Investment Promotion Forum (Beijing)* (19 Nov. 2013)

<http://english.mofcom.gov.cn/article/newsrelease/significantnews/201311/20131100395083.shtml> (last visited Mar. 27, 2014).

### III.D.3 Agreement of Industrial Cooperation with International Council of Shopping Centers (ICSC)

On 22 October 2013, the Investment Promotion Bureau of the MOFCOM signed Framework Agreement of Industrial Cooperation with the ICSC thereby reaching consensus on industrial investment promotion and information resources sharing. Investment Promotion Bureau is a national and professional investment promotion institutions and ICSC is an international industrial organizations with wide influence and appeal. The establishment of the cooperation of the two parties will improve the international exchanges and cooperation between China and US enterprises in commercial real estate and retail, which has great significance for industrial investment promotion. As an international industrial organization, ICSC will strengthen cooperation with Investment Promotion Bureau in platform building, information sources sharing and industry training, providing services and supports for enterprises in this industry investing home and abroad.<sup>27</sup>

### III.D.4 MOU b/w Foreign Trade Development Bureau and Investment Promotion Institute

The 18<sup>th</sup> Macao International Fair for Trade and Investment, sponsored by Macao Trade and investment Promotion Institute was held in Macao from 17-20 October 2013.<sup>28</sup> Representatives from enterprises and organizations of over 50 countries and regions participated in the fair. On 17 October 2013, the Foreign Trade Development Bureau and the Macao Trade and Investment Promotion Institute signed a Memorandum of Understanding agreeing to strengthen cooperation in such areas as information exchange, fairs, providing services to enterprises and will carry out trade promotions.

### III.D.4 China-US Enterprises Clean Energy Investment Dialogue

The US-China Enterprises Clean Energy Investment Dialogue co-hosted by Investment Promotion Agency of Ministry of Commerce and US-China Energy Cooperation Program was held in Beijing on 19 December 2013.<sup>29</sup> The participants had in-depth dialogues on “Cooperation and Development between the US Energy Enterprises and China Economic and Technological Development Zone” and “Investment Cooperation and Technical Innovation of China-US Solar Industry against the new Situation”. After the dialogue, representatives from more than 70 China-US clean energy enterprises and 15 national economic and technological development zones had more direct face-to-face exchanges. As the US and China were the two largest energy consumption countries, they were important source of greenhouse gas emission and needed to seek new approaches to cope with the challenges from energy and environment.

#### **EC's Proposal on EU-China Investment Relations**

***[Impact Assessment (SWD (2013) 18, SWD 184 (summary)) for a Recommendation for a Council Decision authorizing the opening of negotiations on an investment agreement between the EU and China]***

<sup>27</sup> MOFCOM, *Investment Promotion Bureau Signed Framework Agreement of Industrial Cooperation with International Council of Shopping Centers (ICSC)* (25 Oct. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201310/20131000369178.shtml>(last visited Mar. 27, 2014).

<sup>28</sup> MOFCOM, *Foreign Trade Development Bureau and Macao Trade and Investment Promotion Institute Signed MOU on Competition* (28 Oct. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201310/20131000373751.shtml>(last visited Mar. 27, 2014).

<sup>29</sup> MOFCOM, *US-China Enterprises Clean Energy Investment Dialogue Held in Beijing* (24 Dec. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201312/20131200439800.shtml>(last visited Mar. 27, 2014).

China is the world's second largest national economy and the biggest exporter, as well as an increasingly important political power. China is regarded as a key foreign direct investment (FDI) destination by EU member states. However, compared with EU's other trading partners, the flow of FDI between the EU and China has lagged behind. The focus of Chinese investment outflows has changed. Investments are increasing in value and are more likely to involve the selling of products, expanding of production chains and the acquisition of technology, brands and human talent. Chinese FDI in the Union is spread across wide range of sectors, both manufacturing and services.

In April 2010, the EU and China agreed at the EU-China Joint Committee (May 2010) to launch a Joint EU-China Investment Taskforce to study options for improving bilateral investment and evaluate the desirability and practicability of the possible negotiation of an EU-China investment agreement.

The Impact Assessment (IA) contains a detailed analysis of the nature of the current EU-Chinese investment relationship. It includes a discussion on problems in existence and the potential lost opportunities and of the experiences of other trading partners. However, the effects of not having an EU-China Investment Agreement are not entirely clear and there is no discussion at this stage of the environmental or social impacts of non-action.

The reasons for no investment agreement are :

- a) Chinese FDI in Europe represents less than 1% of the inward investment into Europe, whereas 5% of inward investment into China comes from Europe.
- b) Absence of a predictable, secure environment for investors and restrictive laws, negatively impact the outward flow of FDI from Europe. It leads to lost opportunities and growing imbalance as Chinese companies do not have to deal with such barriers. The EC's public consultation found that 77% of the business respondents had experienced difficulties when investing or attempting to invest in China. The difficulties included problems with intellectual property, lack of faith in the impartiality of the legal system, and state-owned Chinese companies and companies with close links to the political elite are given preferential treatment. According to China's latest version of the Foreign Investment Guidance Catalogue, the FDI is classified as prohibited, restricted and encouraged. Both restricted and encouraged categories are subject to limitations. There are also specific industry plans for certain sectors. The IA points to contradictions between the Catalogue and other measures, which highlights a lacuna of a secure basis for business planning.
- c) Lack of comprehensive framework to remedy shortcomings within the EU-China investment relationship. There is no current framework in place to deal with disputes arising from investments between the EU and China. Investments in China are not covered comprehensively by WTO agreements. However, China is compliant with some WTO policies, namely those relating to trade in services and trade related investments which affect trade in goods. As China is not a member of OECD, it is not obliged to follow the OECD codes relevant to investment.
- d) Commitments by the EU and China with third parties on market access, post establishment treatment and protections may disadvantage EU/Chinese investors in China/EU.
- e) Fear of Chinese FDI involved in unfair acquisitions of technologies and knowledge. 64% of the respondents in the EU's public consultations has no concerns about Chinese SOE's investing in EU, although a third of the respondents expressed concerns over the amount of capital available to them when participating in European public procurement procedures. Many companies which invest in Europe from China are SOEs and there is not current guideline on the conduct of SOEs with the BIT.
- f) Given 25 different BITs, China is interested in a uniform EU-level agreement on investment protection. As many countries in the EU have specific prohibitions or restrictions on certain sectors or ex-ante authorization procedures for foreign investors, there is a lack of uniform rules. Particularly in the areas of immigration. Further, China demands that the EU should grant 'market economy' status for the purpose of anti-dumping.

The IA considered operational objectives to abolish the restrictions on foreign direct investments. The four

specific objectives are: (a) to improve the legal certainty of EU investors in China; (b) to improve the protection of EU investment in China; (c) to reduce barriers for European investors to invest in China; and (d) to increase the flow of FDI between China and Europe.

Operation options:

- 1) Baseline Scenario: No policy change- Investments will continue under the 25 BITs between China and the Member States of the Union. Any changes in the current BITs will need to be authorized by the EU members.
- 2) A stand-alone investment protection agreement: It will not contain MA but would pursue the highest level of investment protection and allow for inclusion of clauses on the non-lowering of labour and environmental standards, corporate social responsibility and provisions dealing with SOEs.
- 3) A separate agreement combining investment protection with MA: It builds on Option 2 and is complementary rather than alternative. It would establish an EU FTA practice of including provisions on establishment for all sectors for national treatment and market access with horizontal and sectoral liberalization commitments aiming to facilitate investment flows. There are several possible scenarios regarding the ambition on market access- the modelling looks at modest and ambitious liberalization scenarios.
- 4) The Commission could propose the change the Partnership Co-operation Agreement to include investment protection and MA. However, it is politically highly unlikely that the overall stalemate in the PCA negotiations could be overcome.
- 5) A comprehensive FTA with China including investment protections and ambitious MA for investment.

### Conclusion

The fact that the EU is one of the most open economic areas for FDI, and China is one of the most restrictive, means the negotiations cannot aim to close the gap completely. The claim by critics that outward FDI increase the likelihood of domestic goods being replaced by foreign goods, reducing investment and employment in the home country are not fully explored. Harmonization of BITs will result in a degree of simplification for both China and the EU Member States while cutting costs associated with the administration of the current BITs. Small and Medium Enterprises will gain from the legal certainty and increased market access as well as administrative simplification. The economic impact of EU-China BIT on third countries will be minimal. The agreement may divert the FDI away from their country to the EU or China. A FDI agreement that favours liberalization will increase the activities of multinational companies worldwide. This will likely raise European exports globally. MFN clauses may impact on China's and EU's interaction with third parties.

**Source:** *Ex-Ante Impact Assessment (IMPA) European Commission*<sup>30</sup>

## **III.E. Participation at the WTO [For quarterly update please see Annexure I]**

### **III.E.1 Bali Ministerial Negotiations**

On December 2013, China and a group of four major cotton producing African countries (C4) of Benin, Mali, Chad and Burkina Faso issued a Press Communiqué under the WTO Framework in Bali, Indonesia and also held a press conference.<sup>31</sup> At the press conference, China firmly supported the request of the C4 and actively promoted solutions to the cotton issue. China expressed help by dispatching expert groups to Africa and provide technical assistance worth \$20 million. China also noted that by way of a cotton technology cooperation, China has helped the C4 cultivate and popularize good cotton seeds, transfer

<sup>30</sup> EU, *EC proposal on EU-China Investment Relations* (December 2013)

[http://chinatradeextra.com/iwpfile.html?file=dec2013%2Fwto2013\\_3800a.pdf](http://chinatradeextra.com/iwpfile.html?file=dec2013%2Fwto2013_3800a.pdf) (last visited Mar. 28, 2014).

<sup>31</sup> MOFCOM, *China and C4 countries of Africa Jointly Issue Press Communiqué on Cooperation in Cotton Industry* (6 Dec. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201312/20131200415815.shtml> (last visited Mar. 27, 2014).

technology and experience, enhance planting capability and process and trade of cotton which have gained favourable effect in terms of promoting the development of the cotton industry in C4. China introduced a 6-point agenda for future course of partnership with the C4:

- 1) Providing assistance or aid in the construction of infrastructure
- 2) Providing productive materials
- 3) Strengthening training
- 4) Strengthening science research cooperation
- 5) Promoting trade power
- 6) Promoting enterprise cooperation.

### **III.E.2 Information Technology Agreement**

Since September 2012, China has been actively participating in ITA negotiations on wider coverage. On 21 November 2013, the US announced temporary suspension of the ITA negotiations. China has urged that development levels of the participants being different, the different demand for products is but a consequence. China further noted that the terms of the US were far beyond the capacity of China's industry and that the US was unwilling to make any concession under pressure due to the competitive mind-set. Further, China clarified that it cannot ignore the appeals of Chinese enterprise which are in a relatively weaker position and stated that it believed the US acted irresponsibly to ignore the efforts made by all the participants at the ITA negotiating forum.<sup>32</sup>

Parties held negotiations towards the expansion of the Information Technology Agreement (ITA) from 21-24 October 2013. The parties has decided in July 2013 to suspend such negotiations due to China's request for the exclusion of 106 of the 256 products from duty-free treatment under the expanded ITA; however, China subsequently held bilateral discussions with the US during which China agreed to submit a revised sensitivities list, which allowed parties to proceed with this most recent late-October round. China has reportedly removed from its sensitivities list one-third of the high-tech goods for which it had originally sought exclusion from duty-free treatment. However, China is seeking long-tariff phase-out periods for approximately half of the sensitive tariff lines appearing on its revised list. Specifically, China's revised list identifies approximately 140 sensitive tariff lines out of the total of 250 items under negotiation.<sup>33</sup>

China is seeking exclusion for approximately half of these sensitive items, while seeking long tariff phase-out periods for the remaining half. As other ITA members generally agreed, the phase-out periods will be three years for non-sensitive items; five years for sensitive items and more than five years for exceptional cases. A trade diplomat involved in the negotiations asserted that the items shifted to the phase-out list include certain medical devices, semi-conductor manufacturing equipment and printers, all of which the Washington-based Information Technology Industry Council (ITI) has identified as essential for inclusion in the expanded ITA. Notably, China proposes a tariff phase-out period of longer than five years for approximately 30 products.<sup>34</sup>

### **III.E.3 MOFCOM on WTO's ruling in Broiler Chicken**

On 29 August 2010, and 26 September 2010, the MOFCOM respectively released annual announcement no. 52 and no. 51 deciding to impose countervailing and anti-dumping duties on imports of white-feather

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<sup>32</sup> The Diplomat, *China, US Clash Kills IT Trade Agreement* (26 Nov. 2013) <http://thediplomat.com/2013/11/china-us-clash-kills-it-trade-agreement/> (last visited Mar. 27, 2014).

<sup>33</sup> James Nedumpara & Vandana Gyanchandani, CITELE, US Trade Policy Monitoring Report, Vol. 10 at p. 32.

<sup>34</sup> *Id.*

broiler chicken products originated in the US.<sup>35</sup> On 25 September 2013, WTO dispute settlement body passed the panel report on the dispute case of *China's anti-dumping and countervailing measures against the white-feather broiler chicken products originated in the US*.

On 27 December 2013, MOFCOM via an announcement no. 88 of 2013 and in accordance with the China's regulations on Anti-dumping and Countervailing Measures as well as the Interim Rules for Implementing the WTO rulings on Trade Remedy Disputes issued by the MOFCOM; the MOFCOM decided to reinvestigate the case in accordance with the rulings and suggestions in the relevant reports of WTO upon the date of issuance.

The MOFCOM will re-examine the evidence and information obtained in the original anti-dumping and countervailing investigations and carry out reinvestigations through questionnaires, hearings and other measures. As regards the investigation procedures, the regulations of the China's anti-dumping and countervailing regulation and regulations including relevant departmental rules and regulations of the MOFCOM will apply *mutatis mutandis*.

Any interested party may refer to the public evidence and information via Trade Remedy Public Information Room of the Ministry of Commerce. The MOFCOM will guarantee the legal rights of interested parties through such procedures as disclosing information and providing chances for statement of opinions and comments.

#### **III.E.4 MOFCOM on China-EU consultations regarding imports of Fasteners from China**

On 30 October 2013, China requested consultations with the EU under the WTO Dispute Settlement Mechanism concerning EU final anti-dumping measures against imports of some fasteners from China. MOFCOM commented that measures against steel fasteners from China have been reviewed by the WTO panel and the WTO Appellate Body, ruling that the requirements concerning individual treatment in EU anti-dumping laws and its final anti-dumping measures against some of fastener imports from China have violated WTO rules.

Although the EU has modified its legislation in 2012, and has reviewed its anti-dumping measures against some of fastener imports from China, EU refused to disclose relevant information in the review, and failed to make a fair comparison on the normal value and export price and refused to make adjustment on the differences affecting price comparability, and continue to impose high anti-dumping duties against fastener imports from China, which has seriously affected China's fastener exports, and has undermined the lawful right and interests of related Chinese industries. MOFCOM stated that the full implementation of the WTO ruling with a good will not only relates to the lawful rights and interests of the industry of each WTO member, but also the steady and efficient operation of the multilateral trading system, and all countries should fulfil commitments under the WTO rules and the WTO ruling in a long-term perspective.<sup>36</sup>

#### **III.F Aid for Trade**

##### **III.F.1 2<sup>nd</sup> China-Pacific Island Countries Economic Development and Cooperation Forum**

##### **III.C.11 China-Pacific Island Countries Economic Development and Cooperation Forum**

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<sup>35</sup> MOFCOM, *MOFCOM Announcement No. 88 of 2013 on Case-filing for World Trade Organization Rulings on China's Measure of Imposing Countervailing and Anti-dumping Duties on White-feather Broiler Chicken* (27 December 2013) <http://english.mofcom.gov.cn/article/policyrelease/questions/201312/20131200440840.shtml> (last visited Mar. 27, 2013).

<sup>36</sup> MOFCOM, *MOFCOM Spokesman Shen Danyang Comments on China's Request Consultations with EU at WTO concerning EU Anti-dumping Measures against Imports of Fasteners from China* (1 Nov. 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201311/20131100374434.shtml> (last visited Mar. 27, 2014).

On 8 November 2013, the Vice Minister of Commerce of China attended the 2<sup>nd</sup> China-Pacific Island Countries Economic Forum. China has put forth four new proposals for strengthening the relations between China-Pacific Island Countries:

- a) Maintain the mutual visits at all levels, to promote common development.
- b) Broaden cooperation fields and explore new growth points for cooperation. In the future four years, China will provide a privileged loan \$1 billion and China Development Bank will set \$1 billion of Special Commercial Loan for infrastructure construction, to support the economic and social development of Island Countries. Meanwhile, China is willing to discuss cooperation in new energy, green environmental protection and tourism, in order to the Chinese investors to invest in the Pacific Island Countries, strengthening bilateral and mutual beneficial cooperation all around.
- c) Promote trade and investment facilitation and expand trade and investment scales. China is expanding domestic demands and consumer market which will release large market demands and consumer motivation. China hopes that Pacific Island Countries formulate targeted marketing strategies, expanding exports to China.
- d) Strengthen exchanges of development experiences, and promote cooperation in capacity building. China has experiences in alleviating poverty, improving educational level and developing public medical and healthcare and is willing to exchanges with Island Countries, providing supports and help within its capacity to Island Countries. China will continue to hold various ability training class for Island Countries, hoping that Island Countries would participate in actively.<sup>37</sup>

### **III.G. Intellectual Property Rights**

#### **III.G.1 New textbook standards**

The central government drafted new standards for paying copyright holders when their works are collected into textbooks. Such decision is to take effect from December 2013 whereby the publishers are required to pay a writer RMB 300 for every 1,000 Chinese character, RMB 300 to use a piece of music and RMB 200 for a picture- RMB 400 if its appears on the cover.<sup>38</sup>

#### **III.G.2 Patent quality improved**

On 12 December 2013, the statistics from the State Intellectual Property Office show the number of Chinese invention patent applications and authorizations accounted for more than 30% of the total filings over the past 3 months, indicating a maturing patent structure. Companies and institutions are also improving the patent quality and suggested the government encourage companies to create core proprietary technologies through clear policy guidance.<sup>39</sup>

#### **III.G.3 Copyright registrations in 2013**

In 2013, more than 845,000 publications were registered in China for copyright protection in 2013, with an increase of 23% y-o-y. Over half of the registrations were made in Beijing. Such is the result of increased awareness of copyright protection and the use of copyright as an important financing device.

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<sup>37</sup> MOFCOM, *Wang Chao Attended the Ministerial Session of the 2<sup>nd</sup> China-Pacific Island Countries Economic Development and Cooperation Forum* (13 Nov. 2013)

<http://english.mofcom.gov.cn/article/newsrelease/significantnews/201311/20131100388707.shtml>(last visited Mar. 27, 2014).

<sup>38</sup> IP Protection in China, *New textbook standards unveiled* (6 Nov. 2013)

[http://www.chinaipr.gov.cn/policyarticle/policy/iprsic/201311/1782668\\_1.html](http://www.chinaipr.gov.cn/policyarticle/policy/iprsic/201311/1782668_1.html) (last visited Mar. 27, 2013).

<sup>39</sup> IP Property Protection in China, *Improved patent quality* (12 Dec. 2013)

[http://www.chinaipr.gov.cn/policyarticle/policy/statistics/201312/1788756\\_1.html](http://www.chinaipr.gov.cn/policyarticle/policy/statistics/201312/1788756_1.html) (last visited Mar. 27, 2014).

Photographs accounted for more than half of the registrations and applications for software protection rose by 18% in 2013, to more than 164,000. Tibet, Inner Mongolia and Xinjiang were at the top of the list of growth regarding software, with applications growing by about 95% in Tibet.<sup>40</sup>

### **III.G.4 Patent applications in 2013**

The State Intellectual Property Office (SIPO) received a total of 825,000 invention patent applications in 2013 with an increase of 26.3% with 208,000 inventions granted, with a decrease of 4.1%.

### **III.G.5 SIPO and IPOS Sign Agreement on Patent Data Exchange**

The State Intellectual Property Office of China (SIPO) and the Intellectual Property Office of Singapore (IPOS) entered an agreement to exchange patent data in October 2013. It is expected that enhanced collaborative efforts between SIPO and IPOS would benefit patent applicants in both regions.<sup>41</sup>

### **III.G.6 China and Hong Kong Sign Patent Deal**

As part of the efforts to implement the original grant patent (OGP) system in Hong Kong, the Intellectual Property Department (IPD) of the Hong Kong Special Administrative Region Government and the SIPO signed the Cooperation Arrangement in Patent during the quarter. Under the arrangement, the SIPO will provide technical assistance and support to the IPD for substantive examination of patent applications and the training of staff.<sup>42</sup>

### **III.G.7 Rare Earth Industry Alliance to fight Japanese Company Patent**

A dozen Chinese rare earth companies have formed an industrial alliance to sue Japan's Hitachi Metals for holding invalid patents and infringing patent rights of Chinese companies. The legal process could start in early 2014 in the United States and China. At the center of the dispute is a material namely 'neodymium iron boron magnet', a major product that accounts for half of rare earth consumption. The alloy magnet, mainly composed of neodymium, iron, boron and other microelements, is used in manufacturing motors, audio speakers, headphones, cordless tools and computer hard drives, etc.

In August 2012, Hitachi Metals asked the US International Trade Commission to stop the sales of such products and their downstream products that did not have a patent license in the country. Three Chinese companies involved in the case finally reconciled with Hitachi Metals on 14 May 2013 by entering into monetary compensation agreement to gain the patent license. However, one of Hitachi Metal's patents expired in 2003, and another is set to expire in 2014. The company has extended the expiration date of the patent 2029, but this extension of patent is expected to hinder market expansion of Chinese rare earth manufacturers.<sup>43</sup>

## **IV. TRADE POLICIES AND PRACTICES BY MEASURE**

### **IV.A Measures Directly Affecting Imports**

#### **IV.A.1 Custom valuation**

- a) New regulations on custom valuation

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<sup>40</sup> IP Protection in China, *China's copyright registration soar in 2013* (28 Jan. 2014)

[http://www.chinaipr.gov.cn/policyarticle/policy/statistics/201401/1797851\\_1.html](http://www.chinaipr.gov.cn/policyarticle/policy/statistics/201401/1797851_1.html) (last visited Mar. 27, 2014).

<sup>41</sup> SIPO, *SIPO and IPOS sign Agreement on Patent Data Exchange* (5 Nov. 2013)

[http://english.sipo.gov.cn/news/official/201311/t20131105\\_875725.html](http://english.sipo.gov.cn/news/official/201311/t20131105_875725.html) (last visited Mar. 28, 2014).

<sup>42</sup> Asia IP, *Hong Kong, China Sign Patent Agreement* (28 February 2014) <http://www.asiaiplaw.com/article/1/1711/> (last visited Mar. 28, 2014).

<sup>43</sup> China Daily, *Rare earth alliance to fight Japan's patent barrier* [http://usa.chinadaily.com.cn/business/2013-08/13/content\\_16889366.htm](http://usa.chinadaily.com.cn/business/2013-08/13/content_16889366.htm) (last visited Mar. 27, 2014).

The General Administration of Customs of the People's Republic of China (GAC) issued two new regulations on custom valuation effective from 1 February 2014. These two regulations were introduced on 25 December 2013. GAC Order No. 213 also titled as *Measures of Customs of the People's Republic of China for the Determination of Dutiable Value of Imports and Exports*, will replace the existing regulation with the same title issued under GAC Order No. 148 of 28 March 2006. In addition, GAC Order No. 211 (also titled *Measures of Customs of the People's Republic of China for the Determination of Dutiable Value of Domestic Sales of Bonded Goods*) is an entirely new regulation specifically providing for the valuation for bonded goods sold with the territory of China.<sup>44</sup>

The decrees will replace the previous valuation regulations Decree of GAC [2006] No.148. It is one of the most significant changes to China's customs valuation measures since Decree 148 was issued almost eight years ago.<sup>45</sup> There are numerous changes to the structure and content of the valuation regulations with the release of these new decrees. One of the major changes is the detail regarding customs valuation treatment on bonded goods that will be sold domestically (including those under the processing trade and customs handbook program, goods processed in bond or bonded logistics goods imported from Customs Special Supervision Areas). These have been separately and independently addressed in Decree 211 *PRC Customs Valuation Measures for Determining the Dutiable value of Bonded Goods for Domestic Sale*. Meanwhile, the overall structure and the majority of general customs valuation provisions from Decree 148 for domestic and non-bonded goods remain unchanged by Decree 213 but there are a few new clarifications that have been added.

#### **IV.A.2 Anti-Dumping Measures [Please see Annexure II]**

#### **IV.A.3 Technical Barriers to Trade [Please see Annexure III]**

#### **IV.A.4 Sanitary and Phytosanitary Measures [Please see Annexure IV]**

#### **IV.A.5 Government Procurement**

Under the procedures agreed under the Government Procurement Agreement Hong Kong China notified its national threshold for the period 2014-15.<sup>46</sup>

<b>Annex 1 Entities</b>	Threshold Value in SDR	Threshold Value in HKD
Goods and services other than construction	130,000	1,541,000
Construction services	5,000,000	59,256,000
<b>Annex 3 Entities</b>		
Goods and services other than construction services	400,000	4,740,000
Construction services	5,000,000	59,256,000

The calculation of threshold in HKD is based on the monthly exchange rate of DSR to HKD in over 24 months from November 2011-October 2013.

<sup>44</sup> Baker & McKenzie, *China Issues New Customs Valuation Regulations*, (Jan 2014)

<http://www.bakermckenzie.com/AlChinaCustomsValuationRegulationsJan14/> (last visited Mar. 27, 2014).

<sup>45</sup> Ernst & Young: China Indirect Tax Alert, *China Customs announces significant changes with new customs valuation regulations*, [http://www.ey.com/Publication/vwLUAssets/EY-China-Indirect-Tax-Alert-2014001-en/\\$FILE/EY-ITA2014001-ENG.pdf](http://www.ey.com/Publication/vwLUAssets/EY-China-Indirect-Tax-Alert-2014001-en/$FILE/EY-ITA2014001-ENG.pdf) (last visited Mar. 27, 2014).

<sup>46</sup> WTO Documents Online

## IV.B Measures Affecting Production and Trade

### IV.B.1 Shanghai Pilot Free Trade Zone

The Shanghai Pilot Free Trade Zone was opened on 29 September 2013. The establishment of Shanghai Pilot Free Trade Zone was a measure to carry out a more active and initiative strategy of opening under the new circumstances of reform and opening in China that followed the new trend of global economic and trade development.; the major tasks were to accelerate the transformation of government functions, explore innovations in management modes, expand the opening of service industry, intensify the opening and innovation of financial sectors. This would accumulate new experience for a full and comprehensive intensified reform and expansion of opening, realize system innovation and exploration of new methods and was of great significance for inspiring economic vitality and creating system bonuses.

In the course of formulating the overall plan of the Zone, the People's Government of Shanghai Municipality and relevant departments of the State Council, in accordance with the requirements of the Party Central Committee and the State Council, had piloted early implementation with respect to transformation of government functions, reform of foreign investment management system, trial of negative list management mode, expansion of opening in service industry, innovation in methods of regulation and service, convertibility of RMB capital accounts, interest rate liberalization in financial markets and cross-border use of RMB, and realized breakthrough.

MOFCOM stated that it would along with other departments of the State Council continue to provide active supports for the construction of Shanghai Pilot Free Trade Zone and timely study and solve new circumstances and issues. It was expected that the Shanghai Pilot Free Trade Zone would become a 'test field' for China to promote reform and improve level of open economy, exert its role to be a model for, drive and serve China, promote co-development of all regions and formation of globally-oriented new competitive advantages of China and create an updated version of Chinese economy. During the ceremony, representatives of the enterprises and financial institutions already settled in the zone were granted with licenses and certificates.<sup>47</sup>

### IV.C.2 China-Switzerland DTA

China and Switzerland entered into a Double Taxation Agreement (DTA). The result of this DTA is that investors from both countries could enjoy a potentially-beneficial withholding tax rate on dividend and royalty income. The DTA has also limited the scope of capital gains tax exemption relief applicable on share disposals. Furthermore, the DTA has introduced new clauses and articles to strengthen the anti-treaty shopping and anti-tax avoidance measure.<sup>48</sup>

**Table: Comparison between the previous DTA and the new DTA**

TYPES	CHINA (DOMESTIC)	UK (DOMESTIC)	OLD DTA RATE	NEW DTA RATE
DIVIDENDS	10%	0%	10%	5-15%
INTEREST	10%	20%	10%	10%

<sup>47</sup> MOFCOM, *Mr. Gao Hucheng Said in his Address at the Opening Ceremony of China (Shanghai) Pilot Free Trade Zone to Develop Pilot Zone and Enhance Competitiveness in the Globe through Expansion of Opening* (8 October 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201310/20131000335013.shtml> (last visited Mar. 27, 2014).

<sup>48</sup> KPMG, *The new China-Switzerland Double Taxation Agreement* (30 October 2013) <http://www.kpmg.com/cn/en/issuesandinsights/articlespublications/newsletters/chinaalerts/pages/china-tax-alert-1310-30-china-switzerland-dta.aspx> (last visited Mar. 27, 2014).

ROYALTIES	10%	20%	7-10%	6-10%
CAPITAL GAINS	10%	0%	10%	0-10%

### IV.C.3 China-UK DTA enters into force

The China-UK DTA and its protocol which was concluded in 2011 and 2013 respectively, has entered into force on 13 December 2013. The new DTA will apply to income and capital gains derived on or after 1 January 2014 in China. The existing China-UK DTA which has been in effect since 1985 will be repealed at the same time. The new DTA has been noted to facilitate cross-border services and two-way direct investments from an income tax perspective and include anti-treaty shopping provisions.<sup>49</sup>

## V. TRADE POLICIES BY SECTOR

### V.A Agriculture

#### V.A.1 China-Romania: Meat supplies agreement

China entered into an agreement with Romania to import 500,000 cattle and 3 million pigs from the country over the next three years. This agreement was signed between the two countries on 3 December 2013.<sup>50</sup>

### V.B Logistics Industry

Chinese Premier stated in this quarter that China will continue its efforts to tackle high costs and low efficiency in the logistics industry.<sup>51</sup> He noted the situation in Beijing, Shanghai, Guangzhou, Wuhan and Chengdu while noting that logistics is a basic and strategic industry supporting the country's economic and social development. Logistics sector boom has made people's lives more comfortable but there are challenges of expenditure and delivery. He stated that the ongoing reform in China has enough space and stricter requirements for logistics which calls for closer administrative coordination and better integration of resources. He noted that the industry will be facilitated through enforcing standardization, building credit system, improving information levels, easing enterprise burdens modernization and encouraging online business.

<sup>49</sup> PWC, *China Tax/Business News Flash* (Dec 2013, Issue 31) [http://www.pwccn.com/home/eng/chinatax\\_news\\_dec2013\\_31.html](http://www.pwccn.com/home/eng/chinatax_news_dec2013_31.html) (last visited Mar. 27, 2014).

<sup>50</sup> China Briefing, *China Turns to Romania for Meat Supplies* (3 Dec 2013) <http://www.china-briefing.com/news/2013/12/03/china-turns-to-romania-for-meat-supplies.html> (last visited Mar. 27, 2014).

<sup>51</sup> MOFCOM, *Vice Premier Vows Support for Logistics Industry* (28 October 2013) <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201310/20131000367898.shtml> (last visited Mar. 27, 2014).

VI. ANNEXE

ANNEXURE I: WTO UPDATES

China as a Complainant	
<i>United States- Certain Methodologies and their Application to Anti-Dumping Proceedings Involving China</i>  DS471	<p>On 3 December 2013, China requested consultations with the US regarding the use of certain methodologies in anti-dumping investigations involving Chinese products. China claims that the measures at issue are inconsistent with:</p> <p>Articles 2.4.2, 6.1, 6.8, 6.10, 9.2, 9.3, 9.4 and Annex II of the Anti-Dumping Agreement</p> <p>Article VI: 2 of the GATT 1994.</p> <p>On 19 December 2013, Japan requested to join the consultations. On 25 December 2013, Russia requested to join the consultations.</p>
China as a Respondent	
No updates during the quarter	
China as a third party	
<i>Russian federation – Recycling fee on Motor Vehicles</i> DS462 EU: Complainant Russia: Respondent	<p>The dispute concerns Russia’s measures relating to a charge or recycling fee imposed on motor vehicles. On 11 October, the EU requested the establishment of a panel. At its meeting on 22 October 2013, the DSB deferred the establishment of a panel. At its meeting on 25 November 2013, the DSB established a panel. China, Japan, India, Korea, Turkey, Ukraine and the US reserved their third-party rights. Subsequently, Brazil reserved its third-party rights.</p>
<i>Argentina- Measures Relating to Trade in Goods and Services</i> DS453 Panama: Complainant Argentina: Respondent	<p>The dispute concerns certain measures imposed by Argentina that affect trade in goods and services. Panama alleges that various Argentine measures are applied exclusively in respect of certain countries listed in the Regulations to the Income/Profit Tax Law, Decree 1344/98, as amended by Decree 1037/00. Australia, China Ecuador, the EU, Guatemala, Honduras, India, Brazil, Oman, Saudi Arabia, Singapore and the US reserved their third party rights. On 30 October 2013, Panama requested the Director-General to compose the panel. On 11 November 2013, the Director-General composed the panel.</p>

<p><i>Colombia – Measures Relating to the Importation of Textiles, Apparel and Footwear</i> DS461 Panama: Complainant Colombia: Respondent</p>	<p>The dispute concerns a compound tariff imposed by Colombia affecting the importation of textiles, apparel and footwear from Panama. China, Ecuador, El Salvador, the EU, Guatemala, Honduras and the US reserved their third party rights. On 20 December 2013, Panama requested the Director-General to compose the panel.</p>
<p><i>European Communities- Measures Prohibiting the Importation and Marketing of Seal Products</i> DS401 Norway: Complainant EC: Respondent</p> <p><i>DS400</i> Canada: Complainant EC: Respondent</p>	<p>The dispute concerns the EC regulations (the EC Seal Regime) which prohibits the importation and sale of processed and unprocessed seal products, while containing certain exceptions which affords privileged access to the EU market to seal products originating in the EC and certain third countries, but not Norway.</p> <p>On 25 November 2013, the panel report was circulated to Members. The Panel found that the EU Seal Regime is a Technical Regulation. Further, the regulation does not violate Article 2.2 of the TBT Agreement because it fulfils the objective of addressing EU public moral concerns on seal welfare.</p> <p>The Panel held that the IC exception under the EU Seal Regime is violative of Article I: 1 of the GATT 1994 as it affords an advantage to the seal products originating in Greenland which are not similarly provided to the seal products from Norway.</p> <p>The Panel held that the MRM exception violates Article III: 4 of GATT 1994 because it discriminates imported seal products as against domestic seal products. Further both MRM and IC exceptions are not ‘necessary’ under Article XX (a) because they fail to meet the requirements of chapeau of Article XX (arbitrary and unjustifiable disguised restriction on international trade). The EU failed to make a prima facie case under Article XX (b).</p> <p>The Panel held that the EU acted inconsistently with its obligations under Article 5.1.2 of the TBT Agreement because the conformity assessment procedures under the EU Seal Regime were incapable of enabling trade in qualifying products to take place as of the date of entry into the Seal Regime.</p>

	<p>The Panel held that the complainants failed to demonstrate a violation of Article 5.2.1 of TBT Agreement. It rejected to claims under Article XI: 1 GATT 1994 and Article 4.2 of the Agreement on Agriculture and in light of the above findings of violation did not consider it necessary to rule on the non-violation claims under Article XXIII: 1(b) of the GATT 1994.</p>
<p><i>United States-Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products DS381</i>  Mexico: Complainant  US: Respondent</p>	<p>The dispute concerns with certain measures by the US which establish the conditions for use of a “dolphin-safe” label on tuna products and condition the access to the US Department of Commerce official dolphin-safe label upon bringing certain documentary evidence that varies depending on the area where tuna contained in the tuna product is harvested and the fishing method by which it is harvested are inconsistent with the WTO Agreements.</p> <p>On 14 November 2013, Mexico requested the establishment of a compliance panel. At its meeting on 25 November 2013, the DSB deferred the establishment of a panel. At its meeting on 22 January 2014, the DSB agreed to refer to the original panel, if possible, the matter raised by Mexico. Canada, China, the EU, Guatemala, Japan, Korea, Norway and Thailand reserved their third party rights.</p>

**Source:** *WTO Official Website*

## ANNEXURE II: AD UPDATES

Product	Country	Measure
Acrylic Ester	Malaysia, Singapore and Indonesia	On 8 October 2013, the MOFCOM issued an announcement no. 64, 2013 wherein an expiry review shall be undertaken before the expiry of AD duties on 9 April 2014 (5 years starting from 9 April 2009). MOFCOM called for all the interested parties to apply for such an expiry review within 60 days of the issuance of the said announcement. In China, if no interested party applies for the expiry review, MOFCOM may suo moto undertake an expiry review. <sup>52</sup>
Polycrystalline Silicon	Europe	MOFCOM extended the investigation period for this case under Article 27 of the Countervailing Regulation of China by 6 months. The AD investigation will end on 1 May 2014. <sup>53</sup>
Cellulose pulp	US, Canada and Brazil	<p>On 6 November 2013, the Investigation Authority made a preliminary ruling that the import of the said product caused injury and that there was causality between the dumping and injury. In accordance with the Article 28 and 29 of the Anti-dumping regulations, the Investigating Authority decides to carry out a provisional anti-dumping measure by levy of security deposit. From 7 November 2013, the import operators, when importing the product under investigation shall pay corresponding security deposits to the Customs at the rate of security deposit determined by this preliminary ruling.</p> <p>The product is included under tariff numbers of 47020000, 47032100, 47061000 and 47063000 in the Customs Import and Export Tariff of the People's Republic of China. In addition, the following three requirements shall be complied at the same time: 1. Viscosity <math>\geq 3.7</math> dl/g and <math>&lt; 6.4</math> dl/g; or viscosity <math>\geq 350</math> ml/g and <math>&lt; 700</math> ml/g; 2. Content of <math>\alpha</math> cellulose (R18, sulphate process) <math>\geq 88\%</math> and <math>&lt; 95.5\%</math>, or content of <math>\alpha</math> cellulose (R18 sulphite process) <math>\geq 87\%</math> and <math>&lt; 94\%</math>; 3. Ash content (<math>725^{\circ}\text{C}</math>) <math>\leq 0.15\%</math>.</p>

<sup>52</sup> MOFCOM, *MOFCOM Announcement No. 64 of 2013 on Expiration of Anti-dumping Measures against Imports of Acrylic Ester Originated in Malaysia, Singapore and Indonesia* (11 October 2013) <http://english.mofcom.gov.cn/article/policyrelease/buwei/201310/20131000360586.shtml> (last visited Mar. 27, 2014).

<sup>53</sup> MOFCOM, *MOFCOM Announcement No. 82 of 2013 on Extension of Countervailing of Polycrystalline Silicon (Europe)* (4 November 2013) <http://english.mofcom.gov.cn/article/policyrelease/buwei/201311/20131100387837.shtml> (last visited Mar. 27, 2014).

		<p>Rates of security deposit imposed on various companies are as follows:</p> <p><b>U.S. companies:</b></p> <ul style="list-style-type: none"> <li>(1) Cosmo Specialty Fibers, Inc. 18.7%</li> <li>(2) Rayonier Performance Fibers, LLC 21.7%</li> <li>(3) Weyerhaeuser NR Company 20.2%</li> <li>(4) GP Cellulose LLC 20.2%</li> <li>(5) Buckeye Technologies Inc. 20.2%</li> <li>(6) All others 29.8%</li> </ul> <p><b>Canadian companies:</b></p> <ul style="list-style-type: none"> <li>(1) Neucel Specialty Cellulose Ltd. 0%</li> <li>(2) Fortress Specialty Cellulose Inc. 13.0%</li> <li>(3) AV Nackawic Inc. and AV Cell Inc. 13.0%</li> <li>(4) Tembec 13.0%</li> <li>(5) All others 50.9%</li> </ul> <p>It is investigated that the dumping margin of Neucel Specialty Cellulose Ltd. is 0.7%, which falls into de minimis dumping margin under Article 27 of the Anti-dumping Regulations. Therefore, the security deposit for Neucel Specialty Cellulose Ltd. is exempted.</p> <p><b>Brazilian companies:</b></p> <ul style="list-style-type: none"> <li>(1) Bahia Specialty Cellulose S.A. 6.8%</li> <li>(2) All others 49.4%</li> </ul> <p><b>Methods of Levy of Security Deposit</b></p> <p>As of 7 November 2013, import operators shall, according to the rate of security deposit of each company as determined in this preliminary ruling, pay relevant security deposits to Customs of the People's Republic of China when importing the product under investigation. The security deposit shall be levied by means of ad valorem on the basis of dutiable value authorized by Customs, and the calculation formula is: Security deposit = (dutiable value authorized by Customs x rate of security deposit) x (1 + rate of import value-added tax).</p>
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		Further, interested parties may, within ten days as of issuance of the Announcement, submit their written comments attached with relevant evidence to the Investigation Authority, which will consider the same according to the law. <sup>54</sup>
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**Source:** *WTO Documents Online*

<b>Reference Number</b>	<b>Merchandise/ Country</b>	<b>Action</b>
<b>63/2013</b>	Solar-grade polysilicon originating in the United States	Preliminary countervailing duty notice
<b>62/2013</b>	Pyridine originating in India and Japan	Notice extending the AD cases
<b>55/2013</b>	Bisphenol A originating in Japan, Korea, Singapore and Taiwan	Measures applicable to final review determination
<b>65/2013</b>	Methyl ethyl ketone originating in Japan and Taiwan	AD measures applicable to the determination of the announcement of the final review – continuation of ADD
<b>73/2013</b>	Pyridine originating in India and Japan	Final ruling
<b>81/2013</b>	Pulp originating in US, Canada and Brazil	AD preliminary determination
<b>82/2013</b>	Solar grade polysilicon originating in EU	Extension of AD investigation to 1 May 2014

**Anti-dumping activity during the quarter**

**Source:** *Baker & McKenzie International Trade Update*

<sup>54</sup> MOFCOM, *MOFCOM Announcement No. 75 of 2013 on the Preliminary Ruling of the Anti-dumping Against Imports of Cellulose Pulp Originated in the US, Canada and Brazil* (8 November 2013) <http://english.mofcom.gov.cn/article/policyrelease/buwei/201311/20131100387846.shtml> (last visited Mar. 27, 2014).

**China's notification under Article 16.4 of the Agreement during October 2013.**

<b>Product</b>	<b>Country</b>
Alloy-steel seamless tubes and pipes for high temperature and pressure service	EU, Japan and US
Cellulose pulp	Brazil, Canada and US
Ethylene glycol monobutyl ether and Diethylene glycol monobutyl ether	EU and US
M- dihydroxybenzene	Japan and US
Perchloroethylene	EU and US
Pyridine	India and Japan
Toluene diisocyanate	EU
Toluidine	EU

**Source:** *WTO Documents Online*

### ANNEXURE III: TBT NOTIFICATIONS

Notification Date of Notification	Product	Description	Objective
G/TBT/N/CHN/23/ Rev.1 25 October 2013	Single capped fluorescent lamps (ICS: 27.010; HS:8539)	Article 4.2 of this standard is mandatory, the others are recommended. The mandatory content is the minimum allowable values of energy efficiency for single-capped fluorescent lamps	Eliminating the low energy efficiency single-capped fluorescent lamps from the market, promoting technical advance of single-capped fluorescent lamp's industry, saving energy and protecting environment.
G/TBT/N/CHN/299 /Rev.1 4 December 2013	Steel plates for boilers and pressure vessels (ICS: 77.140.50).	Articles 6.4.3, 6.4.4, 6.8, 8.3, 8.4 of this standard are recommended, the rest are mandatory. The mandatory contents are the order information, notations for designation, dimension, shape, weight and tolerance, technical requirements, testing methods, inspection rules, package, mark and quality certification of steel plates for boiler and pressure vessel.	For the protection of human health, personal and property safety
G/TBT/N/CHN/331 /Rev.2 8 October 2013	Copy machines, printers and fax machines (ICS: 27.010; HS: 8443).	Article 4.2 of this standard is mandatory, the rest are recommended. The mandatory content is the minimum allowable values of energy efficiency for copy machines, printers and fax machines. This standard applies to standard size format products which could be operated properly in voltage 220 V and in frequency 50 Hz of the power grid. The standard does not apply to the following products:	Saving the energy and protecting the environment

		<p>a) Products that are only powered by data interface (such as USB, IEEE 1394, etc.);</p> <p>b) products with digital front end (DFE);</p> <p>c) products with output speed greater than or equal to 70 pages per minute;</p> <p>d) Stylus printer with print head pin number more than 48.</p>	
G/TBT/N/CHN/695 6 October 2009	Metal oxide surge arresters without gaps for a.c. systems (ICS: 29.080.99).	This standard specifies the terms and definitions, signs and classification, standard ratings and operating conditions, technical requirements, test requirements, and type testing etc. of metal oxide surge arresters without gaps for a.c. systems. This standard applies to metal oxide surge arresters without gaps for restricting over voltages in a.c. systems	To standardize the manufacture and service of metal oxide surge arresters and protect human safety.
G/TBT/N/CHN/979 8 October 2013	Permanent magnet synchronous motors (ICS: 27.010; HS: 8501).	<p>Article 4.3 of this standard is mandatory, the rest are recommended.</p> <p>The mandatory content is the minimum allowable values of energy efficiency for permanent magnet synchronous motors.</p>	Regulating the market, eliminating low energy-efficiency products, saving energy and protecting environment.
G/TBT/N/CHN/980 8 October 2013	Cage three-phase high voltage induction motors (ICS: 27.010; HS: 8501).	Article 4.3 of this standard is mandatory, the rest are recommended. The mandatory content is the minimum allowable values	Regulating the market, eliminating low energy-efficiency products, saving energy and protecting environment

		of energy efficiency for cage three-phase high voltage induction motors.	
G/TBT/N/CHN/981 8 October 2013	Commercial gas cooking appliances (ICS: 27.010; HS: 7321).	Article 4.3 of this standard is mandatory, the rest are recommended. The mandatory content is the minimum allowable values of energy efficiency for commercial gas cooking appliances.	Regulating the market, Eliminating low energy-efficient products, saving energy and protecting environment
G/TBT/N/CHN/982 8 October 2013	Household induction cookers (ICS: 27.010; HS: 8528).	Article 4.3 of this standard is mandatory, the rest are recommended. The mandatory content is the minimum allowable values of energy efficiency for household induction cookers.	Regulating the market, eliminating low energy-efficient household induction cookers, saving energy and protecting environment.
G/TBT/N/CHN/983 8 October 2013	Children's footwear except children's canvas rubber footwear (ICS: 61.060)	This standard specifies the safety technical terms and definitions, product classification, technical requirements, test methods and determination for children's shoes.	Regulating the market, protecting the safety of children and environment
G/TBT/N/CHN/984 8 October 2013	Sporting goods (ICS: 97.220.99)	Chapters 5 to 18 of this standard are mandatory, the rest are recommended. The mandatory contents are the basic requirements, electric shock hazard protection, input power, leakage current and electric strength at operating temperature, waterproof and resistant to moisture, heat emitting and abnormal operation, structure, external and internal wiring, grounding devices, clearances and creepage distance, flame and heat resistance,	Regulating the market and protecting the safety of consumers

		lightning protection, machinery safety protection, marks and instructions for electrical parts of sporting goods.	
G/TBT/N/CHN/985 24 October 2013	Non-directional self-ballasted LED-lamps for general lighting services (ICS: 27.010; HS:9405)	Article 4.3 of this standard is mandatory, the others are recommended. The mandatory content is the minimum allowable values of energy efficiency for non-directional self-ballasted LED-lamps for general lighting services.	Eliminating the non-directional self-ballasted LED-lamps for general lighting services with low energy efficiency from the market and saving energy
G/TBT/N/CHN/986 25 October 2013	Squatting pans (ICS: 91.140.70).	Article 4.3 of this standard is mandatory, the others are recommended. The mandatory content is the minimum allowable values of water efficiency for squatting pans.  This standard specifies the judge method, test methods for water efficiency limit, water saving evaluation values, water efficiency grade, and water efficiency grade description of squatting pans. It applies to squatting pans installed in the water supply pipeline of building facilities, and used under the conditions of maximum water supply pressure does not exceed 0.6 MPa.	Regulating the market and saving water resource.
G/TBT/N/CHN/987 25 October 2013	Electrical equipment of construction machinery (ICS: 29.020).	Chapters 1, 2, 3, 4, 7, 12, 13, 17 and 18 of this standard are recommended, the rest are mandatory. This standard applies to the particular safety requirements for electrical equipment of construction	Ensuring the safety of people.

		machinery.	
G/TBT/N/CHN/988 5 November 2013	Medical devices.	It prescribes the procedures for clinical trial approval of medical devices.	To regulate the act of clinical trial for high risk medical devices.
G/TBT/N/CHN/989 5 November 2013	Medical Devices.	It prescribes the procedures for clinical trial approval of medical devices.	To regulate the act of clinical trial for high risk medical devices.
G/TBT/N/CHN/992 8 November 2013	Fire alarm products.	The implementation rules specify the scope, certification model, major processes of certification, general requirements for certification, use of certificates and certification marks, fee - charging, etc.	For the protection of human safety, health and the environment.
G/TBT/N/CHN/993 8 November 2013	Fire protection products.	The implementation rules specify the scope, certification model, major processes of certification, general requirements for certification, use of certificates and certification marks, fee - charging, etc.	For the protection of human safety, health and the environment
G/TBT/N/CHN/994 8 November 2013	Fire extinguishing equipment products.	The implementation rules specify the scope, certification model, major processes of certification, general requirements for certification, use of certificates and certification marks, fee - charging, etc.	For the protection of human safety, health and the environment
G/TBT/N/CHN/995 8 November 2013	Fire equipment products.	The implementation rules specify the scope, certification model, major processes of certification, general requirements for certification, use of certificates and certification marks, fee - charging, etc.	For the protection of human safety, health, and the environment

G/TBT/N/CHN/996 2 December 2013	Fire equipment products.	The implementation rules specify the scope, certification model, major processes of certification, general requirements for certification, use of certificates and certification marks, fee - charging, etc.	For the protection of human safety, health, and the environment.
G/TBT/N/CHN/997 2 December 2013	Anchor devices (ICS: 13.340.99)	This standard specifies the technical requirements, test methods, inspection rules and marking of fall protection anchor devices for high-place operation. This standard applies to fall protection anchor device. It does not apply to anchor devices for sports and fire-fighting.	Ensuring the safety of personnel and production
G/TBT/N/CHN/998 2 December 2013	Powered air-purifying respirator (ICS: 13.340.20).	Chapters 4, 7 and Article 5.2, 5.3.1, 5.4, 5.5, 5.6.1, 5.6.2, 5.7, 5 85.9, 5.10, 5.11, 5.12, 5.14, 5.16, 5.17, 5.18, 5.20 of this standard are mandatory, the rest are recommended. The mandatory contents are the classification and label, a portion of the technical requirements and identification for powered air-purifying respirator.	Ensuring the safety of personnel and production.
G/TBT/N/CHN/999 2 December 2013	Eye and face protection - Laser eye-protectors (ICS: 13.340.20).	Chapter 4 of this standard is recommended, the rest are mandatory. The mandatory contents are the test methods and labelling requirements for eye and face protection - laser eye-protectors	Ensuring the safety of personnel and production
G/TBT/N/CHN/1000 2 December 2013	Chain-mail gloves and guards (ICS: 13.340.40;	Articles 5.3, 5.5, 5.6, 5.7 of this standard are mandatory, the rest are	Ensuring the safety of personnel and production

	13.340.99).	recommended. The mandatory contents are the protection surface, tensile strength, impact penetration properties, washed dimensional stability for chain-mail gloves and arm guards	
G/TBT/N/CHN/100 6 4 December 2013	Water dispensers (ICS: 27.010); (HS: 8516).	Article 5.3 of this standard is mandatory, the others are recommended. The mandatory content is the minimum allowable values of energy efficiency for water dispensers.  This standard applies to water dispensers with rated voltage not over 250 V. It does not apply to instantaneous heating water dispensers with rated power over 4000 W.	Eliminating low energy efficiency product, promoting energy-saving technical application of water dispensers, regulating the market, saving energy and protecting the environment.
G/TBT/N/CHN/100 7 4 December 2013	Domestic gas cooking appliances (ICS: 27.010, HS: 7321).	Article 4.3 of this standard is mandatory, the others are recommended.  The mandatory content is the minimum allowable values of energy efficiency for domestic gas cooking. This standard specifies the minimum allowable values of energy efficiency, evaluating values of energy conservation, energy efficiency grades, and test methods etc. for domestic gas cooking appliances.	Eliminating low energy efficiency product, promoting energy-saving technical application of domestic gas cooking appliances, regulating the market saving energy and protecting the environment.
G/TBT/N/CHN/100 8 4 December 2013	Watersource (ground-source) heat pumps (ICS: 27.010; HS: 8418).	Article 4.3 of this standard is mandatory, the others are recommended.  The mandatory content is the minimum allowable	Eliminating low energy efficiency product, promoting energy-saving technical application of water-source (ground-source) heat pumps, regulating the

		<p>values of energy efficiency for water-source (ground-source) (heat pumps).</p> <p>This standard applies to domestic, industrial and commercial water-source groundsource heat pumps used electric mechanical compression systems and water as cold (hot) source.</p>	market of saving energy and protecting the environment
G/TBT/N/CHN/1009 4 December 2013	Diesel engines of non-road mobile machinery, (ICS: 43.060.99)	This standard specifies the emission limits and measurement methods for diesel engines of non-road mobile machinery, stage III, which equivalent to EURO VA. This standard also puts forward the notice requirements of stage IV.	Protecting the environment and human health.
G/TBT/N/CHN/1010 4 December 2013	Marine auxiliary boiler (ICS: 47.020.20).	This standard specifies the requirements of safety technological condition, safety management, and safety inspection for marine auxiliary boiler with water or saturated steam as the medium.	Safety.
G/TBT/N/CHN/1011 16 December 2013	Spark ignition engines (ICS: 27.020).	This standard specifies the safety requirements and protection measures, use and maintenance for spark ignition engines and their essential auxiliaries used in all applications on land, underground and water	To protect the health and safety of persons
G/TBT/N/CHN/1012 16 December 2013	Bonded abrasive products (ICS: 25.100.70).	Article 6.3.3 and Chapter 7 of this standard are recommended, the rest are mandatory. The mandatory	To protect the health and safety of person

		contents are the technical requirements of safety, testing methods, inspection rules, acceptance check and store, installation and use, etc. for bonded abrasive	
G/TBT/N/CHN/101 3 16 December 2013	Tyre shaping and curing press (ICS: 71.120; 83.200).	Chapters 5, 6, 7 of this standard are mandatory, the rest are recommended. The mandatory contents are the safety requirements and protection measures, verification of safety requirements and protection measures, as well as usage information for tyre shaping and curing press.	To protect the health and safety of persons.
G/TBT/N/CHN/101 4 16 December 2013	Electric and optical cables (ICS: 13.220.20).	Chapters 4-6 of this standard are mandatory, the others are recommended. The mandatory contents are the burning classification and criteria, additional information and marks for burning behaviour of electric and optical cables	Safety
G/TBT/N/CHN/101 5 20 December 2013	Ceramic cartridge faucets (ICS: 91.140.70).	Articles 7.4, 7.6.2, 7.6.3.1 and 7.6.9 of this standard are mandatory, the rest are recommended. The mandatory contents are the limited precipitation of metal contaminants, sealing performance, faucets flow and life for ceramic cartridge faucets	Saving water and protecting water resources
G/TBT/N/CHN/101 6 20 December 2013	Lithium ion cells and batteries used in portable electronic equipment (ICS: 29.220.01).	This standard specifies the safety requirements for lithium-ion cells and batteries used in portable electronic products. This	To protect human safety

		standard applies to lithium ion cells and batteries used in portable electronic products.	
G/TBT/N/CHN/101 7 20 December 2013	Gasoline for motor vehicles: (ICS 75.160.20).	The standard specifies the terms and definitions, classifications, technical requirements and test methods, sampling, mark, package, etc. of gasoline for motor vehicles.	To protect the ambient air quality and human health, to prevent deceptive practice, and to protect the interests of consumers.  The reasons for urgent measure: The quality of motor gasoline is directly related to the pollutant emissions from motor vehicles, thereby directly affects air quality. At present, the situation of China's air pollution is serious, so it is urgent to issue the standard of gasoline for motor vehicles, which used for guiding equipment modification of refinery and improve the quality of gasoline as soon as possible. This standard is also used for supporting the urgent actions of controlling metropolitan air quality by local government.
G/TBT/N/CHN/100 1	Steel plates of carbon steel and low alloy steel for nuclear power plants (ICS: 77.140.50).	The standards include recommendations and mandatory rules. The mandatory contents are the notations for designations, order information, dimension, shape, weight and tolerance, technical requirements, testing methods, inspection rules, package, mark and quality certification for steel plates of carbon steel and low alloy steel for nuclear power plants.	The rationale for the measure is to ensure human health, as well as the safety of human life and property.
G/TBT/N/CHN/100	Welded austentic	Standards described are	The rationale for the measure

2	stainless steel tubes and pipes for nuclear power plant (ICS: 77.140.75)	recommendatory and mandatory. Mandatory contents are a portion of the technology requirements for welded austenitic stainless steel tubes and pipes for nuclear power plant.	is to protect human health, personal and property safety.
G/TBT/N/CHN/100 3	Seamless stainless steel tubes and pipes for nuclear power plant (ICS: 77.140.75)	The standards include mandatory and recommendatory forms. Mandatory standards are apportioned of the technology requirements for seamless stainless steel tubes and pipes for nuclear power plant.	The objective of the standard is to protect human health, personal and property safety.
G/TBT/N/CHN/100 4	Steel plates for low temperature pressure vessels (ICS:77.140.50)	The mandatory standards include dimension, shape, technical requirements, testing methods, inspection rules, package, and mark and quality certification of steel plates for low temperature pressure vessels. The standard applies to steel plates with thickness ranges from 5 mm to 120 mm for low temperature pressure vessels at -20 degree C-196 degree C.	It aims to protect human health, personal and property safety.
G/TBT/N/CHN/100 5	Seamless steel pipes for crane jib (ICS 77.140.75)	Mandatory contents include dimension, technical requirements, testing methods, inspection rules, packing, marking and quality certification for the seamless steel pipes for crane jib.	It aims to protect human health, personal and property safety.
G/TBT/N/CHN/990	Fire products	According to the “Fire Protection Law of the People’s Republic of China” and “Regulations for Compulsory Product Certification”, China intends to implement compulsory product	It aims to protect human safety, health and the environment.

		certification for 58 kinds of fire products in 15 categories.	
G/TBT/N/CHN/991	Restraining devices for child occupants of power-driven vehicles (Child Restraint System)	The implementation rules specify the scope, certification model, major processes of certification, general requirements for certification, use of certificates and certification marks, fee-charging etc.	It aims to protect human safety, health and the environment.

**Source:** *WTO Documents Online*

#### ANNEXURE IV: SPS NOTIFICATIONS

Notification/ Date of Notification	Product	Description	Objective
G/SPS/N/CHN/631 8 November 2013	Food	Administration of the bad records of foreign manufacturers and exporters, domestic importers and agents of imported food.	Food safety
G/SPS/N/CHN/632 29 November 2013	<i>Fraxinus L.</i>	It prohibits the importation of logs and timbers of <i>Fraxinus L.</i> from the countries and regions where <i>Hymenoscyphus pseudoalbidus</i> is present.	Animal health
G/SPS/N/CHN/633 3 December 2013	Honey	This standard applies to direct edible honey and does not apply to honey products.	Food safety
G/SPS/N/CHN/634 4 December 2013	Edible vegetable oils	This standard prescribes crude vegetable oil, edible vegetable oils, edible vegetable blend oils, excluding edible oil products (hydrogenated oil, margarine and etc.)	Food safety

Source: WTO Documents Online